

FBIS**DAILY REPORT
CONTENTS***China*

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PRC INTERNATIONAL AFFAIRS

GENERAL

Foreign Ministry Spokesman Holds Weekly Briefing	A	1
Confirms USSR Plane Hijacking	A	1
USSR Thankful for Plane Return	A	1
Urges USSR Afghanistan Withdrawal	A	1
Government To Strengthen Cooperation With UNESCO	A	2
LIAOWANG Interviews Wu Xueqian on Foreign Policy	[9 Dec]	A 3
Reagan Writes Gorbachev on Nuclear Testing	A	8

UNITED STATES

Ambassador Interviewed on Relations With U.S.	B	1
RENMIN RIBAO Commentary on Reagan's Achievements	[25 Dec]	B 1
RENMIN RIBAO Views Reagan Veto of 'Jenkins Bill'	[23 Dec]	B 3

SOUTHEAST ASIA & PACIFIC

Ji Pengfei Concludes Visit to Hong Kong	E	1
Comments on Visit [RENMIN RIBAO 23 Dec]	E	1
Arrives in Shenzhen	E	3
Returns to Beijing 25 Dec	E	3
RENMIN RIBAO Reiterates Support for Cambodians	[25 Dec]	E 4

SOUTH ASIA

Soviet Withdrawal From Afghanistan Urged	F	1
[RENMIN RIBAO 26 Dec]		
Further Reportage on Wu Xueqian Bangladesh Visit	F	2
Meets President Ershad	F	2
Foreign Minister Hosts Banquet	F	2
Talks With Foreign Minister	F	3
Qian Liren, CPC Delegation Leave for India	F	3

PRC NATIONAL AFFAIRS

Yang Shangkun Stresses Rectifying Party Style	K	1
Datong Mine Produces Over 30 Million Tons of Coal	K	1
Li Peng Message	K	1
State Council Message	K	2
Ministry Rewards Bureau	K	3
Shanghai Technology Appraisal Meeting Held	K	3
XINHUA Report	K	3
Hao Jianxiu Speaks	K	4
State Council Message	K	4
XINHUA Commentator	K	5

Key Equipment Developed for Electron-Positron Collider		K 6
Leaders Inspect Project		K 6
Xi Zhongxun, Tian Jiyun Praise Jiangxi Products		K 7
Robot Production Base Built in Shenyang		K 7
Zhang Jingfu on Economic, Technical Cooperation		K 8
RENMIN RIBAO on Task of Supply, Marketing Cooperatives	[18 Dec]	K 9
RENMIN RIBAO Urges Control on Year-end Inspections	[20 Dec]	K 10
PLA's Hong Xuezhai on Border Defense Construction		K 11
Station Commentary		K 12
CHINA DAILY on New National Defense University	[26 Dec]	K 12
Article on Liu Shaoqi's Thinking on Construction		K 12
[GUANGMING RIBAO 15 Dec]		
Reform Depends on Good Social Environment		K 16
[GUANGMING RIBAO 16 Dec]		
RENMIN RIBAO on Importance of Flood Prevention Measures	[20 Dec]	K 19

PRC REGIONAL AFFAIRS

EAST REGION

Anhui's Huang Huang at Meeting on Party Style	O 1
Wan Shaofen on Jiangxi Economic Development	O 2
Shandong Calls for Fulfilling Grain Purchase Plan	O 4

SOUTHWEST REGION

Sichuan City Model for New Administrative System	Q 1
[GUANGMING RIBAO 16 Dec]	
Bainqen Erdini Concludes Tour, Leaves Xizang	Q 2
Lhasa Official Arrested, Expelled from Party	Q 3
Yunnan Conference Lists Economic Tasks for 1986	Q 3
Station Commentary	Q 4
Newspaper Editors Meet To Discuss Propaganda Work	Q 5
[YUNNAN RIBAO 3 Dec]	

NORTHEAST REGION

Sun Weiben on Reform of Heilongjiang State Farms	S 1
Heilongjiang CPC Meets on Rural Rectification	S 1
LIAONING RIBAO Discusses Economy of Coastal Cities	[6 Dec] S 2

HONG KONG MEDIA ON CHINA

HSIN WAN PAO Discusses Sino-Soviet Relations	[26 Dec]	W 1
TA KUNG PAO Review of Sino-Soviet Relations	[24 Dec]	W 2
CAAC Confirms Hijacking of Soviet Plane		W 4
HSIN WAN PAO Questions Hijackers' Identity	[25 Dec]	W 4
TA KUNG PAO on CPC's Reappraisal of Lin Biao	[23 Dec]	W 5
MING PAO on Reaction to 'Hong Kong Craze'	[21 Dec]	W 7

FOREIGN MINISTRY SPOKESMAN HOLDS WEEKLY BRIEFING

Confirms USSR Plane Hijacking

OW250752 Beijing XINHUA in English 0747 GMT 25 Dec 85

["Soviet Airliner Hijacked to China" -- XINHUA HEADLINE]

[Text] Beijing, December 25 (XINHUA) -- A Foreign Ministry spokesman confirmed here today that a Soviet civil airliner, AN-24, was hijacked to China on December 19. He said that the plane in the west of Heilongjiang Province. All the passengers returned to the Soviet Union landed and sound on December 21, the spokesman said. Crew members returned on the same day.

USSR Thankful for Plane Return

OW260300 Beijing XINHUA in English 0250 GMT 26 Dec 85

[Text] Moscow, December 25 (XINHUA) -- The Soviet Union today expressed "gratitude" to the Chinese Government for returning a Soviet passenger plane. [Beijing XINHUA in English at 0759 GMT on 26 December carries a repeat of the report on the return of the hijacked Soviet plane with the following variation: "...for returning passengers and crew on board a Soviet plane..."] hijacked to China on December 19, the Soviet news agency TASS reported.

A Chinese Foreign Ministry spokesman said in Beijing today that the crew and passengers on the Soviet plane, an Antonov 24, which was hijacked [The XINHUA English repeat adds: "...on December 19..."] to China and landed in the western part of Heilongjiang Province, returned to the Soviet Union "safely" on December 21.

TASS said: "The Chinese side adopted measures for finding the plane and sending the passengers and crew home as soon as possible." TASS said the plane altered its course "as a result of forcible actions by an armed criminal on board." "The Soviet side expressed gratitude to the Chinese authorities for the spirit of goodneighborly co-operation," TASS said in a brief account of the hijacking.

Urges USSR Afghanistan Withdrawal

OW250918 Beijing XINHUA in English 0902 GMT 25 Dec 85

["China Demands Total Withdrawal of Soviet Troops From Afghanistan -- XINHUA headline]

[Text] Beijing, December 25 (XINHUA) -- China today demanded an immediate and total withdrawal of the Soviet troops from Afghanistan on the occasion of the sixth anniversary of the Soviet invasion of Afghanistan. The remarks were made by a Chinese Foreign Ministry spokesman in a statement here this afternoon at the weekly press briefing.

The spokesman said: "China, together with the international community, has strongly condemned the Soviet invasion of Afghanistan, resolutely supported the Afghan people in their just struggle against foreign aggression and demanded an immediate and total withdrawal of the Soviet Troops from Afghanistan." In the past six years, the Soviet Union has refused to implement relevant resolutions adopted with overwhelming majority by seven sessions of the U.N. General Assembly and failed to withdraw its troops that have hung on in Afghanistan.

The spokesman said, the invasion has not only brought grave disasters to the Afghan people, but also seriously undermined peace and stability of that region, posing a threat against China.

Recently, he continued, "the Soviet Union has time and again claimed that they are ready for a political settlement of the Afghan question. But regrettably, the Soviet aggressor troops are still continuing their ruthless suppression of the Afghan national resistance movement in an attempt to consolidate their occupation in Afghanistan. They have failed to show sincerity for a political settlement."

The spokesman said: "If the Soviet Union did want to settle the Afghan question and extricate itself from its predicament internationally, it should take concrete steps at an early date on the question of the troop-withdrawal. The sooner it withdraws its troops, the earlier it can gain the initiative. Refusal to withdraw its troops will only land itself in a passive position forever. The heroic Afghan people will never be conquered."

GOVERNMENT TO STRENGTHEN COOPERATION WITH UNESCO

OW241828 Beijing XINHUA in English 1514 GMT 24 Dec 85

[Text] Beijing, December 24 (XINHUA) -- China will strengthen cooperation with UNESCO, and help it overcome problems caused by the withdrawal of the United States and Britain, a meeting here was told today. More contributions will be made to aid reforms aimed at improving UNESCO's organization and effectiveness.

The meeting of all members of the Chinese National Commission for the United Nations Educational, Scientific and Cultural Organization agreed to step up ties with UNESCO next year.

Members agreed that China's modernization drive would benefit through increased cooperation with the organization and other member states.

Gao Yi, president of the Chinese National Commission, said UNESCO had in the past few years made valuable contributions to the educational, scientific and cultural development of its member states, particularly those in the Third World.

This year's withdrawal from the organization by the United States and Britain had caused difficulties over which many member states had expressed regret.

China would continue to give UNESCO full support, and would help it overcome the current difficulties affecting its work.

China supported the current reforms and reasonable suggestions put forward by other member states. It would make positive evaluations of the reform results.

China and UNESCO have jointly sponsored 45 international symposiums and training courses in China this year, and China has sent several delegations to important UNESCO-sponsored international conferences.

LIAOWANG INTERVIEWS WU XUEQIAN ON FOREIGN POLICY

HK230801 Beijing LIAOWANG in Chinese No 49, 9 Dec 85 pp 11-13

[Article by LIAOWANG reporter: "Wu Xueqian on China's Foreign Policy and the International Situation"]

[Text] The year 1985 has been one in which China has been very active diplomatically as well as one in which China's peaceful foreign policy, characterized by maintaining independence and keeping the initiative in its own hands, has reaped fruitful results. Recently, the reporter of this journal had a special interview with Wu Xueqian, the Chinese minister of foreign affairs, on such issues as the starting point and target of China's foreign policy; the characteristics of the present international situation; China's relations with Third World countries; Sino-Soviet, Sino-American, and Sino-Japanese relations; and China's relations with the East European socialist countries and the West European countries. Foreign Minister Wu's answers to the reporter's questions are as follows:

Question: What are the starting point and target of China's peaceful foreign policy characterized by maintaining independence and keeping the initiative in its own hands under the current situation? What is the significance of China's efforts to achieve a long-term peaceful, international environment in order to carry out modernization?

Answer: The peaceful foreign policy pursued by China of maintaining independence and keeping the initiative in its own hands is in conformity with the basic interests of the Chinese people and the world's people. The relaxation of tension and the safeguarding of world peace and stability are the common desires of people throughout the world.

The Chinese people are exerting their efforts to achieve socialist modernization, which requires a long-term peaceful international environment. We are making unremitting efforts to safeguard world peace not only in the 20th century but also in the century to come. This is because only in a peaceful environment will it be possible for us to concentrate our efforts on carrying out reform, developing social productive forces, and eventually eliminating poverty and backwardness, in order to gradually approach the level of the developed countries.

China is a developing country, and while its national strength is not quite powerful at present, we are fully aware of the important role we play in international affairs. China's persistence in the peaceful foreign policy of maintaining independence and keeping the initiative in its own hands, and not allying itself with any big power is most favorable to world peace and stability. Striving to establish and to develop the relations with all countries on the basis of the five principles of peaceful coexistence, strengthening unity and cooperation with Third World countries, and opposing hegemonism and safeguarding world peace are the basic precepts of China's peaceful foreign policy.

Question: In what respects has China made important progress in its diplomacy in 1985?

Answer: China has been very active diplomatically in 1985. China's leading officials have paid friendly visits to a series of countries in various regions of the world, as well as having received the leaders of many countries. China has signed accords with many countries aimed at increasing their economic, science and technology, and cultural ties and cooperation. China's relations of friendly cooperation with many countries have further developed.

At the meeting marking the 40th anniversary of the founding of the United Nations, Premier Zhao Ziyang further expounded, on behalf of the Chinese Government, on China's foreign policy and its principled stand on the two major issues confronting world peace and development. The Chinese Government decided to reduce its Army by a million men, which was another practical demonstration that China loves peace, opposes the arms race, and sincerely hopes to coexist in peace with all the countries in the world. China has played a greater and greater role in the cause of opposing hegemonism and safeguarding world peace. The nations of the world universally regard China as an important force in safeguarding peace.

Question: How would you characterize the present international situation? How can it be seen that the forces of peace are growing?

Answer: The present international situation can be viewed as follows: on the one hand, the superpower arms race has not come to a halt, none of the issues of the "hotspot" regions have been resolved, and the danger of another world war still exists; on the other, the forces of peace are developing, and their growth has surpassed that of the forces of war. This is demonstrated by the following facts.

The Third World countries are pressing for the easing of international tensions, firmly and rationally solving international and regional issues, and developing their own national economies. They are the main force in opposing war and safeguarding world peace. Europe, and such countries as Japan, Canada, Australia, and New Zealand, are hoping for relaxation in East-West relations, the development of science and technology, and the maintenance of independence, and are striving to become stronger; they oppose the arms race and are tired of and opposed to war. In short, safeguarding world peace is the universal desire of the world's people including the American and Soviet peoples, which is an irresistible historical trend the world, and a powerful factor restricting war which is continuing to develop.

Question: The U.S.-Soviet Geneva summit has just concluded. Do you have any comment to make on the talks? Will you say something about your views on some of the essential issues involved in the talks?

Answer: During the meeting of the U.S. and Soviet leaders, both parties agreed to continue their talks, and expressed their wish to improve U.S.-Soviet relations, a move worth welcoming. The two parties said in their joint statement that serious differences still exist between the two parties on some crucial issues. We hold that if through serious talks, both the United States and the Soviet Union will genuinely refrain from seeking military superiority and reach an accord not injurious to the interests of third parties on such issues as reducing nuclear weapons by a large margin, and putting a stop to the space arms race, it would be favorable to the genuine easing of international tension.

Question: What accomplishments have been made in the relations between China and the Third World countries in 1985? What is the focus of their future development?

Answer: The Chinese Government attaches great importance to developing the relations between China and the Third World countries. Since the beginning of 1985, General Secretary Hu Yaobang has visited several island countries in the South Pacific, President Li Xiannian has visited Burma and Thailand, Premier Zhao Ziyang has visited four countries in Latin America, and other party and state leaders have separately visited many Asian and African countries such as Korea.

The state and government leaders of many Third World countries have visited China in succession, and all these visits were very successful. This is because China belongs to the Third World. There is no conflict between us involving our basic interests, while our common wishes and interests have brought us close together. The increased contacts and ties are helpful to deepening our understanding and promoting friendly cooperation between the two in the realms of politics, the economy, culture, and science and technology.

Facing the developing countries is an extremely important aspect in China's policy of opening up to the outside world. Developing friendly relations based on the five principles of peaceful coexistence, mutual support and respect, each supplying what the other needs, strengthening South-South cooperation, and seeking common development -- this is our principle for developing the relations between China and the Third World countries.

Question: In what respects has progress been made in Sino-Soviet relations in 1985? What are the obstacles affecting the basic improvement of relations between the two countries?

Answer: Due to the joint efforts of the two countries in recent years, Sino-Soviet relations have somewhat improved, particularly their economic and trade relations, which have developed at a relatively rapid pace. In July 1985, Vice Premier Yao Yilin visited the USSR, the two countries signed an accord on the exchange of commodities and payments between 1986 and 1990, which laid the foundation for the long-term and stable development of economic and trade relations between the two countries. In 1985, parliamentary delegations of the two countries exchanged visits, and the connection between the congresses of the two countries, which had been interrupted for years was restored, and the ties in other areas have somewhat increased. All these developments are helpful to promoting mutual understanding and friendship between the people of the two countries.

It is regrettable that no basic improvement has been achieved thus far in Sino-Soviet relations. The main cause lies in the obstacles existing in the relations between the two countries, which have not been eliminated. We sincerely hope that good-neighborly and friendly relations will be established on the basis of the five principles of peaceful coexistence with the obstacles overcome early through the joint efforts of the two parties. This conforms to the basic interests of the Chinese people and the Soviet people, as well as being favorable to the peace of Asia and the world.

Question: Please say something about the development of Sino-American relations in 1985. What are the obstacles existing in the relations between the two countries? How are these obstacles to be removed?

Answer: Generally speaking, the development of Sino-American relations has been comparatively steady in recent days. Since Premier Zhao Ziyang and President Reagan exchanged visits in 1984, President Li Xiannian visited the United States in July 1985, and Vice President Bush visited China in October, the leaders of the two countries have constantly maintained their contacts and exchanged views, which is helpful to promoting their understanding and pushing forward the development of relations between the two countries.

Progress has also been made in exchanges and cooperation in the realms of economics and trade, science and technology, and culture and education between the two countries. The two countries have signed four accords including one on cooperation in nuclear power. And the volume of bilateral trade has somewhat increased from 1984.

However, we must acknowledge that if Sino-American relations are to develop smoothly, some negative factors should be overcome.

The chief obstacle existing between the two countries is the Taiwan issue. If this chief obstacle is not removed, it will always remain a grave, hidden danger in Sino-American relations. The crux to removing this obstacle is that the United States should strictly exercise the principles stipulated in the three Sino-American joint communiques. The concept of "one country, two systems" has pointed out a practical and feasible way to realize the peaceful unification of China. It is hoped that the United States will support it with practical actions while refraining from impeding China's efforts to realize its peaceful unification.

Some problems do exist between China and the United States in trade and economic and technological cooperation and other respects. Recently, the United States has somewhat eased its restrictions on technology transfers to China, which is worth welcoming. We hope that the United States will continue to advance, and will basically change its discriminatory policy toward China in which it regards China as its hidden opponent. This will be rewarding to the peoples of both countries.

Question: Will you please say something about Sino-Japanese relations? What should the two countries do to make Sino-Japanese relations develop steadily in an all-round way in such realms as politics and economics?

Answer: Generally speaking, the development of Sino-Japanese relations have been smooth in recent years. The exchanges between the two countries in all realms have been frequent, the channels of cooperation are wide and rich in essence. The Chinese Government has all along held that friendly cooperation between China and Japan conforms to the basic interests of the peoples of the two countries, and is favorable to safeguarding the peace and stability of the Asia and Pacific region. Continuously consolidating and developing this friendly cooperation, and genuinely setting up long-term, stable, good neighborly and friendly relations between the two countries is the unshakable basic state policy of the Chinese Government.

In order to fulfill this target and to push forward Sino-Japanese friendship into the 21st century, the governments of both countries should continue to abide by the spirit of the Sino-Japanese joint statement and the treaty of peace and friendship between the PRC and Japan. They should implement the four principles of "peace and friendship, equality and mutual benefits, mutual trust, and long-term stability." They should both prize friendly relations between the two countries which have not come easily. And they should actively and appropriately solve all problems emerging in the relations between the two countries through friendly negotiations on the basis of persistently adhering to the above-mentioned principles. But what is more important is that in their long-term ties from now on, both China and Japan should work hard to enhance positive factors while overcoming negative ones, they should do more profound and solid work, and refrain from doing anything that would hurt the feelings of the people and affect relations between the two countries, so that the continuous healthy and smooth development of friendly relations between the two countries may be ensured.

As Japan is a friendly close neighbor of China, we attach great importance to developing long-term and stable economic and technological cooperation with Japan on the basis of equality and mutual benefit. We highly appraise the plausible accomplishments scored so far. It is our hope that through the realistic and effective efforts of the two countries, our trade will develop in an active, steady and balanced fashion. And we hope that both countries will jointly create conditions for improving cooperation between the two countries in terms of investment and technology transfers.

Question: In what respects has progress been made in China's relations with East European socialist countries? Will you please say something about the role of these countries in safeguarding world peace?

Answer: Both China and the various East European countries are socialist countries, and they have no basic conflicts of interests. We have all along prized the traditional friendship between the Chinese people and the peoples of various East European countries, and worked enthusiastically to strengthen friendly relations with the various East European countries on the basis of the five principles of peaceful coexistence. China's policy of opening up to the outside world includes the various East European countries as well. We are glad that in recent years, relations of all-round cooperation between China and Romania and Yugoslavia have continued to consolidate and develop. In 1985, Ceausescu, secretary general of the Romanian Communist Party and president of the republic once again visited China; and Comrade Hu Qili, member of the CPC Political Bureau and secretary of the CPC Secretariat visited Yugoslavia. These visits were most successful, and further strengthened the close unity and profound friendship between China and Romania and Yugoslavia. China's relations with the GDR, Poland, Hungary, Czechoslovakia, and Bulgaria have also been improved and developed. China's ties with them have grown with each passing day, which has deepened our mutual understanding and trust. Our economic relations have also scored new developments, and the volume of trade has exceeded the historical record. New channels for cooperation in economics and science and technology have also been opened, and long-term trade accords for 1986 to 1990 have been signed between China and these countries; thus the total volume of trade will rise by a large margin. We hold that the continuous development of relations between China and the various East European countries conforms to the basic interests of the Chinese people as well as the peoples of various East European countries. For this, we are willing to continue our efforts.

All East European countries are facing the arduous task of socialist economic construction. They need an international environment of lasting peace and advocate the relaxation of international tension, disarmament, and developing relations with Western Europe and all countries in the world. They are an important force in safeguarding peace. The Chinese Government supports the various East European countries in their efforts to safeguard world peace.

Question: In what respects has progress been made in China's relations with the West European countries in 1985? What will be the focus of future developments?

Answer: China attaches great importance to developing its relations with the West European countries, and it is an important aspect in China's foreign policy. For a united and powerful Western Europe, which has mastered its own fate, to strengthen cooperation with a China which pursues a foreign policy of maintaining independence and taking the initiative in its own hands, is favorable to world peace and stability.

After Premier Zhao and President Li made separate visits to Western Europe in 1984, Premier Zhao visited the United Kingdom, the FRG, and the Netherlands in 1985. Some leaders of West European countries have also visited China successively. These visits have played an important role in deepening mutual understanding and strengthening friendly relations between the two parties. China and Western Europe now share more in common. There has been marked development in the economic and trade relations between China and Western Europe; the volume and trade has somewhat increased; and the realm of economic and technological cooperation has somewhat expanded with greater variety in the forms of cooperation. At the same time, exchanges in culture, education, and sports between China and the West European countries has grown with each passing day. On the whole, relations between China and the West European countries have progressed satisfactorily in 1985.

Looking toward the future, relations between China and the West European countries have bright prospects.

We are willing to develop long-term and stable relations of friendly cooperation with the West European countries on the basis of safeguarding peace and strengthening economic cooperation. On the one hand, we shall continue to consolidate and strengthen our political relations by conducting mutual visits at all levels, holding political consultations and regular meetings with some West European countries and the EEC to exchange views on important international issues and bilateral relations; on the other hand we shall strengthen the economic and trade relations and technological cooperation between the two parties. We are willing to provide them with conveniences and preferential conditions in order to help import technologies and capital from the West European countries. At the same time, it is also our hope that prices of the West European countries products will be more competitive, that they will be more open in technology transfers, and that they will provide conveniences for importing China's commodities and increasing China's imports, so as to reduce our trade deficit with Western Europe. I hold that so long as the two parties exert joint efforts, the friendly cooperation between China and the West European countries will certainly continue to develop in breadth and in depth.

REAGAN WRITES GORBACHEV ON NUCLEAR TESTING

OW241939 Beijing XINHUA in English 1930 GMT 24 Dec 85

[Text] Washington, December 24 (XINHUA) -- U.S. President Ronald Reagan has sent Soviet leader Mikhail Gorbachev a letter offering to discuss on-site inspection of nuclear testing in both countries, THE WASHINGTON POST reported today. The paper quoted U.S. official sources as saying, the letter was in response to a December 5 proposal by Gorbachev to open up some Soviet nuclear test sites for inspection in return for U.S. participation in a Soviet moratorium on underground nuclear testing which started last August.

Earlier the United States publicly rejected the Soviet proposal arguing that verification was not the only reason underlying the U.S. resistance to testing moratorium. It was reported that the United States wants to continue underground testing to develop new weapons, including possible components of the "star wars" missile defense plan.

The letter, according to the sources, did not alter U.S. position on moratorium but did react approvingly to the "positive aspects" of the Soviet proposal, that is its willingness to consider on-site inspection long demanded by the United States. The letter also repeated a U.S. proposal which was rejected by the Soviet Union in August, inviting the Soviets to send observers to watch U.S. nuclear tests in Nevada.

Disclosure of the letter came on the day when President Reagan formally submitted a written report to Congress accusing the Soviet Union of serious violations of the existing arms control agreement which he said would "darken the atmosphere" for coming arms control negotiations in Geneva. But observers here noted that despite the accusations, the language of the report was generally mild, especially concerning the unratified SALT-2 treaty which will expire at the end of this year.

White House spokesman Larry Speakes told reporters yesterday that the United States will continue to abide by the treaty beyond its expiration date "until we say differently".

AMBASSADOR INTERVIEWED ON RELATIONS WITH U.S.

OW251314 Beijing XINHUA in English 1300 GMT 25 Dec 85

[Text] Washington, December 25 (XINHUA) -- Chinese Ambassador to the United States Han Xu has wished further and more satisfactory development of Sino-U.S. relations and the further strengthening of friendship between the Chinese and American peoples.

In an interview on December 17 with reporters of Radio Beijing, which was broadcast today, Han Xu said that the recent development of Sino-U.S. relations is characterized by the exchange of visits by the leaders of the two countries. These visits, he said, have not only enhanced mutual understanding, but have brought Sino-U.S. relations onto a more steady basis. As a result, bilateral trade and economic cooperation have increased.

Han said: "As is known to all, China is the largest developing country in the world, and the United States is the most developed. China is rich in resources and manpower, and has great market potentials, whereas the United States is strong in technology and investment money. When the two countries cooperate, it is a mutually beneficial matter. Indeed it's not only in the interests of both the Chinese and American peoples, but conducive to world peace and stability as well."

Asked about problems and potential problems in Sino-U.S. relations, the ambassador said: "The development of Sino-U.S. relations has never been plain sailing from the very beginning. There are problems, and the biggest problem remains to be the Taiwan issue. Without being resolved, it could always cause serious trouble in Sino-U.S. relations. The key to resolving the problem is that the United States adheres strictly to the principles laid down in the three joint communiques on Sino-U.S. relations." He continued: "When we look at bilateral trade, we welcome the fact that the United States has announced relaxation of certain restrictions on technology transfer, we would like that to be followed by concrete action. We are also concerned over the rising protectionist trend in the United States. Trade deficit that China has sustained in its trade with America has totalled 15 billion dollars since 1972. We would like to see fairer U.S. trade policy toward China, which will benefit both countries."

On Sino-U.S. people to people contacts, Han said: "We now have established 17 sister province (state) relationships and 19 sister city relationships. 15,000 Chinese students and scholars are currently studying in the United States and 1,800 American students are now pursuing their academic goals in China."

RENMIN RIBAO COMMENTARY ON REAGAN'S ACHIEVEMENTS

HK250504 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 25 Dec 85 p 6

[Year-end commentary by Zhang Yunwen: "What Have Reagan's Achievements Been in the First Year of His Second Term?"]

[Text] One year ago or so when Reagan won a landslide victory in the presidential election, he announced his two main tasks during his second term: 1) Peace. He would seek to work together with the Soviet Union to reduce nuclear weapons. 2) Tax reform. As 1985 is drawing to a close, this reporter interviewed some experts working in research institutes in Washington and asked them to appraise the achievements made by Reagan during the past year.

They maintained that as far as foreign policy is concerned, U.S.-Soviet relations have been relaxed. However, with regard to domestic affairs, he has suffered setbacks in his prime objective of reforming the tax system. Although Reagan's personal prestige has been enhanced, his achievements in the implementation of various domestic policies have not been as conspicuous as those he achieved during his first term.

During his first term, Reagan regarded economic development and weapons modernization as his priority tasks, and adopted an uncompromising attitude toward the Soviet Union. At that time, U.S.-Soviet relations were tense and at a stalemate. However, active diplomacy based on a package plan of disarmament talks in Geneva and U.S.-Soviet summit meetings have occupied an important position in Reagan's diplomatic agenda this year. Some American foreign policy experts say that Reagan was not interested in a summit meeting in the past, but he has changed his attitude since last year. The "fireside summit" recently held in Geneva was a marked change. These experts believe that the Geneva meeting temporarily created a "relaxed atmosphere" and that this marked a new change in U.S.-Soviet relations. However, the "new era" in U.S.-Soviet relations has not yet occurred, although the "channels" of contacts between the two countries have been "dredged." They stress that fundamental differences in arms control -- the main problem between the two countries -- still exist. They say that whether "smiles at the fireside summit" will last long will depend on whether the differences over the "star wars" issue can be ironed out. American public opinion stresses that the next summit meeting should be held in less than 8 months. If the arms talks deadlock is not broken by that time, both sides will only be able to say that they have enhanced their mutual understanding at the meeting. It will be difficult to regard it as a successful meeting.

People believe that the Reagan administration has not yet made great progress in other aspects of foreign policy, besides the promotion of U.S.-Soviet relations. In Central America, the United States has continued to implement an uncompromising policy. This has worsened its relations with Nicaragua and intensified its confrontation with the Central American countries. In the Middle East, due to the fact that the United States has stuck to the stand of repelling the PLO, the peace process in the Middle East has been at a stalemate. The United States has been thrown further into passivity. Although the United States was supported by its allies at the U.S.-Soviet summit meeting, there were disagreements between them on several occasions. The fact that France contradicted the United States, the reservations expressed by some West European allies about the "star wars" program, the introduction of the "Eureka" plan, the disagreement between the United States and New Zealand over U.S. warships entering New Zealand's waters, and so on, show that the relations between the United States and its allies are not completely harmonious.

As far as domestic affairs are concerned, Reagan has regarded tax reform as a priority item in his second term. Last May, he presented to Congress a new tax plan that would lower tax rates and tax brackets so that taxes can be levied in a "fair and reasonable" way. However, through this year, the Reagan administration has been unable to concentrate its efforts on tax reform. It has been weighed down with the work of coping with the huge budget deficit. This is because the matter of the budget deficit is more urgent than tax reform. After a sustained economic growth which lasted for 2 years, the economic growth rate of the United States has markedly slowed since early this year. Although the Reagan administration has adopted a policy of stimulating economic development, it has resulted in serious consequences of huge deficits, high interest rates and high exchange rates. Economists believe that huge deficits are the source of various contemporary economic troubles of the United States and the world. For this reason, the Reagan administration has been compelled to make some readjustments in order to reduce the budget deficit.

The Reagan administration has been quarrelling with Congress for a year over approval of the FY-1986 budget. Only half of the 13 appropriation bills, which should have been passed for FY-1986 that began on 1 October this year, have been passed. In the past 2 months or so, there has been another "amendment on the reduction of the budget deficit," which further complicates the problem. This admendment [Beijing RENMIN RIBAO domestic version in Chinese on 25 December carries a "year-ender" by reporter Zhang Yunwen entitled: "The First Year of Reagan's Second Term" that adds..."was put forward during the discussion on raising the limit of the national debt from over \$1.82 trillion to over \$2 trillion and it..."] demands that deficits be wiped out within 5 years to ensure a balance between revenue and expenditure. Once budgetary deficits exceed the limits set for the year, the President should correspondingly reduce military and civil spending for the year. [The Chinese domestic version adds..."Although this bill for balancing the budget was passed by Congress on 11 December and bacame effective upon the signature of President Reagan,..."] Press circles in the United States generally believe that at present it is hard to predict whether the targets set in the bill can be attained. However, tax reform is in a hopeless tangle now.

[The Chinese domestic version adds... "In the final analysis, this is a redistribution of the tax burden and it will inevitably impair the interests of some people and groups giving rise to a struggle among various interest groups. When the tax committee was studying the plan for the tax system, persuasive talkers of various interest groups crowded the corridors of Congress and exerted influence on the members of the committee so that there were divergent opinions and numerous contradictions within the committee and a compromise plan was obtained only by the end of November. This compromise plan is different in many respects from the one put forward by Reagan in May. Reagan originally intended to have this plan passed by Congress before the end of this year. At present, the plan cannot possibly become a "Christmas gift." Although it was passed by the House of Representatives not long ago, it will not be deliberated by the Senate until next year."]

Over the past year, some of Reagan's major policies and acts have been obstructed by Congress. Some obstructions have come from the Republican Party itself. Some analysts say that not a single bill passed by Congress has enabled Reagan to say: "This is the bill I want." Over the past year, Congress has clashed with Reagan over the issues of sanctions against South Africa, trade protectionism, defense policies, and the policies on the Middle East and Central America. It has been reported that the main reason for this is the mid-term election to be held next year. What is uppermost in the minds of the congressmen, including those of the Republican Party, is the opinions of the voters in their constituencies rather than the ideas of the President.

RENMIN RIBAO VIEWS REAGAN VETO OF 'JENKINS BILL'

HK240916 Beijing RENMIN RIBAO in Chinese 23 Dec 85 p 6

["Random Economic Notes" by Jiang Qianhong: "Veto of the 'Jenkins Bill'"]

[Text] On 17 December, U.S. President Ronald Reagan vetoed the protectionist bill on limiting imports of textiles, hosiery, and copper passed by the Congress. The Congress could not override the President's veto because less than two-thirds of the voters present in the Senate and House favored the passage of the bill. It is now a fact that the unpopular "Jenkins bill," which has been fermenting for a long time, has not been adopted.

Since the beginning of this year, some congressmen have proposed more than 300 protectionist trade bills. The "Jenkins bill" was the major one. It advocated limiting the import of textiles from 11 Asian countries and regions. It was by no means fortuitous that the "Jenkins bill" was strongly opposed by the Asian countries as soon as it was proposed. Economic exchanges between the Asian countries and the United States have become more and more frequent with each passing day. Asia has become one of the major markets of the United States. At the same time, it exports to the United States large quantities of light industrial and textile products and primary products. The economies of the Asian countries and regions have already been adversely affected by the decline in prices of primary products on the world market and in particular by the slowdown of the U.S. economic growth rate and the protectionist measures adopted by the United States. They would inevitably have been harmed even more seriously if the United States had adopted the Jenkins bill and limited the import of textiles. Many Asian countries had unanimously stressed that they would have no alternative but to take retaliatory measures. This would be greatly disadvantageous to the United States.

For this reason, many U.S. personages of insight denounced trade protectionism and pointed out that the huge U.S. international trade deficit should not be taken as a pretext for trade protectionism and that the fundamental way to offset the trade deficits lay in readjusting U.S. economic policies and increasing the competitive power of U.S. products. The Asian-Pacific region has become the largest market for U.S. technological equipment and farm products. The western states, including California, which maintain close economic ties with the Asia-Pacific region, therefore, were even more strongly opposed to this protectionist trade bill. In their letter to all congressmen in August of this year, Secretary of State George Shultz, Secretary of Commerce Malcolm Baldrige, and three others pointed out that if the Jenkins bill were enforced, U.S. consumers would have to pay a high price, U.S. exports would receive a retaliatory blow, and this would trigger inflation. The letter also said: "According to preliminary estimates, this bill would result in a net loss of \$2 billion to the U.S. economy." This was also a reason why President Reagan stated time and again that he would veto the Jenkins bill if it were passed by Congress.

Reagan's veto of the "Jenkins bill" was undoubtedly a wise move and will exert influence on Congress as far as other protectionist trade bills are concerned. On the other hand, however, people should not underestimate U.S. protectionist pressures at home because, in the capitalist world, trade is sluggish and the competition for markets is becoming more and more fierce.

JI PENGFEI CONCLUDES VISIT TO HONG KONG

Comments on Visit

HK241458 Beijing RENMIN RIBAO in Chinese 23 Dec 85 pp 1, 4

[Report by reporter Yuan Xianlu: "Ji Pengfei on Impressions of Visit to Hong Kong"]

[Text] Hong Kong, 22 Dec (RENMIN RIBAO) -- "Through this visit, I more firmly believe that the broad masses of Hong Kong compatriots love the motherland and Hong Kong. I also more firmly believe that we will certainly be able to formulate a basic law of the Hong Kong Special Administrative Region which is in line with the wishes of the people of the whole country, including the people of Hong Kong, and more firmly believe that Hong Kong will be able to maintain stability and prosperity during the transition period, and that it will be more stable and prosperous after it returns to the motherland." Talking with this reporter prior to his departure from Hong Kong, Director Ji Pengfei summarized his feelings on the visit to Hong Kong into the above three "more firmly believes."

Director Ji Pengfei told this reporter: "This time we came to Hong Kong to make more friends in various circles and to listen to opinions from various quarters. Our hosts have done their best to make arrangements for us to achieve this purpose. Of course, it would not be possible to satisfy everybody's requirements in such a short visit. But this does not matter. Those who wish to voice their opinions can talk to the Consultative Committee or to members of the Basic Law Drafting Committee who will come to Hong Kong from the mainland in groups. They can talk to us or go to Beijing to talk to the relevant authorities. If some friends think that it is necessary for them to talk to me, I would also be glad to meet with them." Ji Pengfei said: "We consistently hold that in order to successfully accomplish the drafting of the basic law, we must draw on collective wisdom and absorb all useful ideas, that is, we will listen to and give full consideration to a variety of different opinions. The purpose of setting up the 180-member Consultative Committee which is representative of a broad spectrum of society is precisely to collect opinions from every segment of society. Everyone should say what is on their minds without fearing to voice different opinions. Through discussions we will eventually reach agreement."

This reporter told him that disputes over the terms of the basic law have appeared in Hong Kong's newspapers and journals. He said: "Controversy is a good thing. First, it shows that the people are concerned with the basic law and dare to voice their opinions. Second, it would not be possible for the opinion aired by any segment of society to be perfect. So a more comprehensive conclusion can be reached by pooling the strong points of various opinions."

Director Ji pointed out that due to historical reasons, Hong Kong was separated from the motherland for more than 100 years. However, Hong Kong compatriots have always linked their own destiny closely with the destiny of the motherland. Over the long period in the past, Hong Kong compatriots have always hoped that the motherland would become strong and prosperous and that Hong Kong would return to the embrace of the motherland. He said: "Through this visit to Hong Kong, I have gained a deeper impression of this patriotic enthusiasm of the Hong Kong compatriots. During this visit, I have come into contact with many Hong Kong people. They all heartily welcome the Sino-British joint declaration and support the motherland's resumption of exercising sovereignty over Hong Kong, and they all are concerned with the motherland's development and hope for success in the modernization drive of the motherland." In light of his personal experience, Director Ji expressed his first "more firmly believe:" The broad masses of Hong Kong compatriots love the motherland and Hong Kong.

He stressed: "In order to solve the Hong Kong question, the Chinese Government has laid down a whole set of basic principles and policies according to the concept of 'one country, two systems.' These policies have been written into the Sino-British joint declaration and will serve as the foundation for formulating the basic law of the Hong Kong Special Administrative Region. At this time in Hong Kong, I find that the broad masses of Hong Kong compatriots completely agree with these basic principles and policies that the state has adopted toward Hong Kong, and are determined to do their best to demonstrate these principles and policies in more concrete terms in the basic law by pooling the wisdom and efforts of everyone." Then, Director Ji mentioned his "second more firmly believe:" We will certainly be able to formulate a basic law of the Hong Kong Special Administrative Region which is in line with the wishes of all people of the country, including the people of Hong Kong.

He then said: "Hong Kong's future is closely linked with the future of the motherland. The domestic political and economic situation at present is better than at any time in the past, the trend of reform is irreversible and the prosperity of our country can be expected. Under these circumstances, if the diligent, wise, and fully vigorous Hong Kong compatriots continue to give play to all of Hong Kong's various advantages and further strengthen their relations and cooperation with the mainland, Hong Kong will be in a more favorable position for its development than at any time in the past." In this way, Ji Pengfei introduced his third "more firmly believe:" During the transition period, Hong Kong will be able to maintain its stability and prosperity and after its return to the motherland, it will be even more stable and prosperous.

The reporter said that at present much is being discussed in the Hong Kong press and journals about the "changes or no changes" in Hong Kong and asked him to discuss his views.

Director Ji Pengfei said: "There is an old saying in China: The essence retains its identity while appearances may vary in thousands of ways. If this saying is applied, the changes or no changes in Hong Kong should also maintain the identity of the essence. What is this essence? It is the two principles that I mentioned above: 1) We should safeguard the reunification of our motherland; and 2) we should safeguard Hong Kong's stability and prosperity. I think that no one will oppose any change that is conducive to the reunification of the motherland and the stability and prosperity of the motherland. However, if a change will cause difficulties in transferring sovereignty in the future, if it will be detrimental to Hong Kong's return to the motherland, or if it will cause unrest or economic turbulence in Hong Kong, it should of course not be carried out."

He said: "At present, Hong Kong's economy is developing steadily and its people are increasingly confident. I think that we should cherish this situation. This does not mean that there should be no changes at all. There are changes that ought to take place. However, we must think carefully, act prudently, and ensure that the essence is actually maintained unchanged. I think that this is a responsible attitude to take toward Hong Kong."

The reporter then asked another question: "At present, some feel that the Chinese Government does not support Hong Kong's establishment of a democratic political system in the future. What is your opinion, Mr Ji?"

Director Ji said: "How can the Chinese Government be regarded as not supporting the establishment of a democratic political system in Hong Kong in the future?" "The basic principles and policies that the Chinese Government declared in the Sino-British joint declaration already contain the principle of establishing a democratic political system in the Hong Kong Special Administrative Region."

"Has Mr T.K. Ann not already mentioned this in his speech at the inaugural meeting of the Basic Law Consultative Committee?"

The reporter asked: "What kind of democratic system will there be in Hong Kong then?"

"In my speech the other day, I said that there is no precedent to follow in drafting the basic law according to the principle of 'one country, two systems.' On the one hand, as Hong Kong will implement a system different from that in the mainland, we will not be able to make Hong Kong copy the system of the mainland; on the other hand, as Hong Kong is a part of China, we will also not be able to copy foreign systems. Therefore, when we draft the basic law, we must proceed from the reality in Hong Kong, correctly implement in an all-round manner the principle of 'one country, two systems' embodied in the Sino-British joint declaration, unify loving the motherland with loving Hong Kong, and attain the objective of both safeguarding the unity of our country and Hong Kong's stability and prosperity." After expounding on this important principle, Director Ji further explained by saying: "The democratic political system that Hong Kong will adopt in the future should be decided in accordance with this spirit. This is precisely one of the tasks that we must fulfill in drafting the basic law. In the process of drafting the basic law, we hope that the Hong Kong compatriots will put forward more positive suggestions."

Arrives in Shenzhen

HK241226 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 24 Dec 85

[Text] Accompanied by Xu Jiatusun, director of the Hong Kong branch of XINHUA, and others, Ji Pengfei, state councillor and director of the State Council's Office in Charge of Hong Kong and Macao Affairs, arrived in Shenzhen from Hong Kong the day before yesterday at noon for a visit.

Ji Pengfei told leading comrades of Shenzhen City that Shenzhen is adjacent to Hong Kong and their relations are very close. Running the special zone well is extremely important for the opening up and reform in our whole country, particularly for the maintenance of the prosperity and stability of Hong Kong. If you want to run the special zone well, the central authorities can only give general principles for the special zone. In accordance with the real situation, you must understand and carry it out. You must adhere to the general principles. Specific methods must be worked out in accordance with the special situation.

Ji Pengfei and his party visited the Shekou industrial district from that very afternoon until yesterday.

Returns to Beijing 25 Dec

OW250806 Beijing XINHUA in English 0743 GMT 25 Dec 85

[Text] Beijing, December 23 (XINHUA) -- State Councillor Ji Pengfei, and his party, returned to Beijing by train this morning, after concluding his visit to Hong Kong. Ji, also director of the Hong Kong and Macao Affairs Office under the State Council, and chairman of the Committee for Drafting the Basic Law of the Hong Kong Special Administrative Region, made a short stay in Shenzhen on his way to Beijing.

He said to XINHUA that he was warmly received by people in Hong Kong, and the visit was as fruitful as expected. He said he found the Hong Kong society stable and that he had acquired a deeper understanding of Hong Kong through this visit.

Lu Ping, secretary-general of the State Council Hong Kong and Macao Affairs Office, and deputy secretary-general of the Hong Kong Basic Law Drafting Committee, who met Ji at the railway station, told XINHUA that he would head an experts group to Hong Kong at the beginning of 1986 to hear the views of those in Hong Kong on the structure of the basic law.

RENMIN RIBAO REITERATES SUPPORT FOR CAMBODIANS

HK250540 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 25 Dec 85 p 2

[Commentator's article: "Support the Struggle of the Cambodian People Right Through to Victory"]

[Text] Seven years have passed since the beginning of the Vietnamese war of aggression against Cambodia.

Seven years ago, with the support of the Soviet Union and its military superiority, the Vietnamese authorities launched an aggressive war against Cambodia, bullying a weak neighbor. The aggressors were swollen with arrogance when the Vietnamese invading troops captured Phnom Penh. However, they never expected to be bogged down in a quagmire in Cambodia. The war has lasted for 7 years. The Vietnamese authorities' dream of forcing a quick decision by fighting a quick battle has vanished like a soap bubble, and the Cambodian battlefield has turned out to be a heavy burden for the Vietnamese aggressors.

The Vietnamese aggressors have launched a dry-season offensive every year and have called out again and again a great number of troops to carry out mopping-up operations against the Democratic Kampuchean patriotic Armed Forces. However, it is in withstanding these mopping-up operations launched by the enemy that the Democratic Kampuchean patriotic Armed Forces have been growing steadily and the three parties forming the Coalition Government of Democratic Kampuchea have constantly strengthened the unity among them. Last year, during the seventh dry-season offensive, the Vietnamese invaders massed a large number of troops and stormed toward the Democratic Kampuchean bases along the Cambodian-Thai border with the intention of routing the Democratic Kampuchean Armed Forces. Moving rapidly to the interior of the country, the Democratic Kampuchean troops not only preserved their force, but also carried out guerrilla warfare in the enemy's heartland. Now the Vietnamese authorities are deploying troops to launch the eighth dry-season offensive in an attempt to blockade the Cambodian border and strike the Democratic Kampuchean forces in the interior of the country. But how can they wipe out the Democratic Kampuchean patriotic Armed Forces which are spread everywhere and which are supported and shielded by the people?

Compared with the situation 7 years ago, the Cambodian battlefield has undergone important changes. The Vietnamese aggressors who ran rampant when they first invaded the country, have now assumed the defensive as their major strategy. Fighting on two fronts, along the border and in the interior of the country, their troops are scattered and their logistical support is likely to be cut at any time.

Meanwhile, the anti-Vietnamese Democratic Kampuchean forces have gradually changed their strategy of retreat and have begun to assemble and link their troops again. They used to rely on their bases along the border, but now they have managed to carry out guerrilla warfare in the vast interior of the country and are steadily expanding the theater of war by mobilizing and enlisting the support of the broad masses. This situation on the Cambodian battlefield without a clear front is favorable to the Democratic Kampuchean guerrillas whose aim is to launch a surprise attack on the enemy.

Meanwhile, the invading Vietnamese troops are being worn out by having to ward off blows. The emergence of this situation is an enormous failure for the Vietnamese authorities, but a success to the patriotic resistance forces, as it signifies that the latter have managed to adapt to the new circumstances and maintain a closer link with the masses. To be sure, the Democratic Kampuchean patriotic forces will still encounter various difficulties or even setbacks. But they are bound to grow up steadily and eventually achieve victory in the war.

While launching large-scale military offensives, the Vietnamese authorities often play various political tricks. They dangle one carrot or another in an attempt to divide the Democratic Kampuchean patriotic forces so that they will eventually be able to occupy Cambodia permanently. Around the beginning of this year's dry-season offensive, the Vietnamese authorities made a great show in offering a so-called "plan for year-by-year partial troop withdrawal to be completed by 1990," and called for dialogue and talks with all parties based on this proposal. This plan proposed by Vietnam is based on the following calculating: employment of military force to wipe out the Democratic Kampuchean Armed Forces in 5 years and the implementation of the Vietnamization program in Cambodia by stepping up Vietnamese immigration to the country. If Cambodia is turned into a colony of Vietnam, the Cambodian issue will vanish automatically, thus the Vietnamese authorities will be able to discharge the burden and consequently, the withdrawal of troops will no longer be a problem. However, they have not considered the case thoroughly. The Democratic Kampuchean patriotic forces were not conquered 7 years ago even when they were faced with extreme difficulties under the surprise attack by a large number of Vietnamese troops. Now that the Democratic Kampuchean resistance forces have achieved great development and have been united, it will be by no means easy for Vietnam to eliminate the Democratic Kampuchean forces. Moreover, Vietnam's tricks have become known throughout the world and are facing objections by ASEAN and most Asian countries. Thus Vietnam's plot is doomed to failure.

In invading Cambodia, the Vietnamese aggressors have devastated Cambodia's territory and threatened the security of their Asian neighbors. Thailand has been suffering from frequent invasions by the Vietnamese invasion troops in Cambodia. The Cambodian issue has become one which is seriously endangering peace in Asia. The bloody battle fought by the Cambodian people in the past 7 years is not only for the purpose of redeeming the Khmer nation, but for that of safeguarding peace and stability in Southeast Asia, Asia, and the whole world. Therefore, the Cambodian people's struggle has been strongly supported by all peace-loving and just countries and peoples in the world. Clear proof of this support is the fact that the number of the countries supporting the resolution on the Cambodian issue demanding the withdrawal of Vietnamese troops has increased from 91 to 114 at the UN General Assemblies in the past 7 successive years.

The Chinese Government and people have persistently supported and sympathized with the just struggle of the Democratic Kampuchean patriotic Armed Forces and supported the Coalition Government of Democratic Kampuchea in its resistance against Vietnam. The Cambodian issue should only be settled based on the resolution adopted by the UN, and the Vietnamese aggressors must completely withdraw from Cambodia without preconditions so that the Cambodian people will be able to build a peaceful, independent, neutral, and nonaligned country, free from external interference. The Chinese Government and people will steadfastly support this just struggle of the Cambodian people right through to victory. If they have to wage the struggle for 100 years, we will support them for 100 years. This is the firm stand of the Chinese Government and people.

SOVIET WITHDRAWAL FROM AFGHANISTAN URGED

HK260306 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 26 Dec 85 p 2

[Commentator's article: "Troop Withdrawal Is the Key to a Political Settlement of the Afghan Problem"]

[Text] Six full years have passed since the Soviet Union sent its troops to invade and occupy Afghanistan. During these 6 years, the Soviet Union has attempted to conquer the Afghan people by force. However, the Afghan people have not surrendered. In the course of trials of strength in the past 6 years, the resistance forces of the Afghan people have rapidly developed from several tens of thousands to more than one hundred thousand people, and the fire of the resistance movement has spread throughout the country. As aggressors, the Soviet troops have become mired in the mud and are unable to extricate themselves. The heroic struggle of the Afghan people over the past 6 years has demonstrated that so long as a weak and small nation is united and dares to struggle, it will certainly defeat the aggressors and make valuable contributions to defending its motherland's independence.

At present, both sides have refused to budge on the Afghan battlefield. The Afghan people's resistance forces are not yet strong enough to drive out the Soviet troops, but even less are the Soviet aggressors able safely to stay on.

The Afghan people have time on their side. This war launched by the Soviet Union is an unjust one and it has made the Soviet Union very isolated and unpopular in the international community and has caused growing dissatisfaction at home. In fact, the Afghan war has become Moscow's sore point. In order to extricate itself from this difficult position, Moscow has continually tried to create the impression that it wants to achieve a political settlement of the Afghan problem while intensifying its "encirclement and suppression" of the guerrillas. Since the recent U.S.-Soviet summit, it has been widely rumored that the Soviet Union is willing to seek a political solution to the Afghan problem. However, at the same time, the Soviet troops on the Afghan battlefield have again launched a winter offensive. The sixth round of indirect talks recently held between the Pakistan foreign minister and the foreign minister of the Karmal regime in Geneva has not made any substantive progress because the Soviet Union refuses to withdraw its troops. All this has shown that Moscow lacks sincerity in finding a political solution to the Afghan problem.

Facts in the past 6 years have proved that a political solution to the Afghan problem is the only way out for the Soviet Union. Over the past 6 years, the Soviet troops in Afghanistan have increased from 20,000 to 120,000. Over 20,000 Soviet troops have died meaninglessly on the battlefield. No place under Soviet control in Afghanistan can be regarded as consolidated. If the Soviet Union really wants to find a political solution, it must first of all act according to UN resolutions and withdraw its troops from Afghanistan. The Soviet Union acted with speed and resolution in invading Afghanistan. The experience of the past 6 years has proved that the policy decision made at that time was wrong and the Soviet Union should withdraw now with the same speed and resolution. The earlier it withdraws its troops, the earlier it will show initiative. The withdrawal is conducive to the well-being of Afghanistan, to the Soviet Union, and to peace in Asia and the world as a whole.

In the past 6 years, the Soviet aggressor troops have thrown the peaceful Afghan people into the fire of war. The country has been torn to pieces, the people have been plunged into the depths of suffering, large numbers of people have been killed, and 4 to 5 million Afghan people have been compelled to become refugees leading a miserable life.

The Soviet invasion has brought unprecedented disaster to the Afghan nation. This situation should have been put to an end long ago. If the Soviet troops stay on Afghan territory one day longer, the Afghan people will suffer one more day and peace in South Asia and Asia area will be threatened one more day. Because of this, the peace-loving people of various countries have strongly condemned the Soviet aggression in Afghanistan on many occasions and have demanded that the Soviet Union withdraw its troops at once.

Afghanistan is a neighboring country of China. The Soviet troops' invasion into Afghanistan has not only sabotaged the peace and stability of this area of Asia but also constituted a threat to China's security. The Chinese people cannot but pay close attention to this and hope that the Soviet Union will take concrete actions to remove this threat in order to enhance the improvement of Sino-Soviet relations. It has been the Chinese people's consistent and unshakable stand to resolutely support the Afghan people in their just struggle and to demand that the Soviet Union withdraw its troops unconditionally so that the Afghan people can solve their own problems without external interference and restore the country's independence, sovereignty, and nonaligned status.

FURTHER REPORTAGE ON WU XUEQIAN BANGLADESH VISIT

Meets President Ershad

OW241340 Beijing XINHUA in English 1326 GMT 24 Dec 85

[Text] Dhaka, December 24 (XINHUA) -- Bangladesh President H.M. Ershad and visiting Chinese Foreign Minister Wu Xueqian today expressed satisfaction with the developments in the bilateral relations.

During a meeting here this afternoon, both Wu and Ershad expressed the belief that the exchange of visits would further promote the friendly relations between the two countries. Referring to a huge bridge to be constructed with China's help in the eastern outskirts of Dhaka, Wu hoped that it would not only be a token of friendship but would also help the economic development in Bangladesh.

Bangladesh Foreign Minister Humayun Rashid Chowdhury briefed Wu in their meeting earlier today on the South Asian summit held on December 7-8. Wu said the South Asian Association for Regional Cooperation would surely help promote the cooperation among the member countries and peace and stability in the region.

Before his arrival here early this morning, Wu visited Iraq, Jordan, Syria, Egypt and the United Arab Emirates.

Foreign Minister Hosts Banquet

OW241921 Beijing XINHUA in English 1906 GMT 24 Dec 85

[Text] Dhaka, December 24 (XINHUA) -- Both foreign ministers of Bangladesh and China spoke highly of the friendly ties between their two countries here this evening.

At the banquet given by Bangladesh Foreign Minister Humayun Rashid Chowdhury in honor of visiting Chinese Foreign Minister Wu Xueqian. Humayun said the friendship between the two countries has been reinforced and fortified by shared outlook, common goals and a close similarity of approach to world issues. Humayun said the two countries have witnessed "a steady and promising growth" in their relations since the establishment of diplomatic ties in 1975.

Wu Xueqian said the growth of the friendly relations of cooperation between China and Bangladesh conforms to the interests of the two peoples and conduces to the maintenance of peace and stability in the region. Referring to the summit of the South Asian Regional Cooperation held here early this month, Wu said China highly appraises contributions Bangladesh has made for regional cooperation and sincerely hoped to develop good relations with all South Asian countries.

Wu arrived here today for a three-day visit to Bangladesh. In the past decade China and Bangladesh have concluded more than a dozen agreements on economic cooperation, which boosted bilateral trade from 3.06 million dollars in 1976 to 110 million dollars in 1984.

Earlier this afternoon, the Chinese foreign minister, accompanied by Communication Minister Moudud Ahmad, went to see the planned site of a huge bridge to be constructed with Chinese help in the eastern outskirts of Dhaka.

Talks With Foreign Minister

OW251521 Beijing XINHUA in English 1508 GMT 25 Dec 85

[Text] Dhaka, December 25 (XINHUA) -- Foreign Ministers of Bangladesh and China today expressed their satisfaction with the bilateral relations and discussed the expansion of economic cooperation.

During the talks here today, Bangladesh Foreign Minister Humayun Rashid Chowdhury said Dhaka was very happy with the progress in its relations with China since the establishment of diplomatic relations in 1975. Dhaka was also satisfied with the barter protocol, the ninth of its kind, signed in mid-December, he added. He said the protocol stipulates an annual trade volume of 87 million U.S. dollars. It is the largest annual trade volume Bangladesh has ever planned with a foreign country.

Chinese Foreign Minister Wu Xueqian said that barter trade is a good form to boost economic cooperation since the two countries are short of foreign currency. The planned construction by Bangladesh of a cultural center in Beijing, Wu said, is an expression of friendship. China will give all its assistance to it. During the talks, possible cooperation areas including fertilizer, hydro-power, textile, water development, science and technology, were also covered. They agreed that officials of the respective Foreign Ministries at different levels would meet regularly to exchange views on international issues and bilateral relations.

The Chinese foreign minister will leave here for Bangkok tomorrow for a two-day visit. He arrived here yesterday for a three-day visit after visiting Iraq, Jordan, Syria, Egypt and the United Arab Emirates.

QIAN LIREN, CPC DELEGATION LEAVE FOR INDIA

OW260226 Beijing XINHUA in English 0219 GMT 26 Dec 85

[Text] Beijing, December 26 (XINHUA) -- A Chinese Communist Party (CPC) delegation led by Qian Liren, left here for a visit to India today to attend the celebrations of the 100 anniversary of the founding of the Indian National Congress in Bombay. Qian, member of the CPC Central Committee and director of PEOPLE'S DAILY, is guest of the Indian National Congress (Indira). The delegation was seen off at the airport by Zhu Liang, head of the International Liaison Department of the CPC Central Committee and Li Zhuang, editor-in-chief of PEOPLE'S DAILY.

YANG SHANGKUN STRESSES RECTIFYING PARTY STYLE

OW252011 Beijing XINHUA Domestic Service in Chinese 1805 GMT 24 Dec 85

[By reporters Liu Huinian and Zhao Su]

[Text] Beijing, 24 Dec (XINHUA) -- Yang Shangkun, permanent vice chairman of the Central Military Commission, visited the Beijing Military Region this afternoon to attend a discussion, together with members of the military region party committee attending its enlarged meeting, on the question of quickening the pace of rectifying party style in the Army. Urging the senior Army leading cadres to take the lead in effectively improving party style, he said: The Beijing Military Region should play an exemplary role, as it has been doing in carrying out party rectification, and structural reform, and reduction-in-strength reorganization, in its rectifying of party style by taking more effective and speedier actions in order to set a good example and accumulate useful experience in this regard.

Reviewing the progress and analyzing problems existing in rectifying party style in the Army in a roundtable discussion with the senior Army cadres, Yang Shangkun discussed his views on improving the work from now on. He said: Despite the progress over the recent years, the Army is still lagging considerably behind the 12th CPC National Congress' demand for bringing about a fundamental change for the better in party style. How can the fundamental improvement in party style be achieved? The key to this question lies in the exemplary role of leading organs and cadres. To improve, they must, first of all, conscientiously examine and rectify their own style, correcting mistakes in the course of self-examination. Second, they must bring into play the strength of party organizations at various levels as well as the vast numbers of party members and broad masses of people. It is necessary to improve the inner-party democratic life and reinforce the supervision between higher and lower levels. It is also necessary to conduct criticism and self-criticism without sparing anyone's sensibilities and adhere to the principle of making criticism regardless of the level to which it is directed. Yang Shangkun stressed: We must imbue ourselves with a strong sense of responsibility and urgency and must not compare ourselves with one another nor adopt a wait-and-see attitude in rectifying party style. It is necessary to start with oneself and in one's own unit in rectifying party style. Problems involving army units should be effectively resolved.

During the discussion, everyone emancipated their minds, reported on the condition of each unit, and freely aired views and suggestions concerning further improvement of party style.

DATONG MINE PRODUCES OVER 30 MILLION TONS OF COAL

Li Peng Message

OW260106 Beijing XINHUA Domestic Service in Chinese 1306 GMT 25 Dec 85

[By reporters Huang Fengchu and Cui Jizhe]

[Text] Taiyuan, 25 Dec (XINHUA) -- Datong Coal Mine, China's largest coal enterprise, has made new, important contributions to the state this year. By 24 December, it had produced 30.24 million metric tons of raw coal. The Datong Mining Bureau held a meeting today to celebrate its topping of the 30-million-metric-ton mark in annual raw coal output for the first time in history.

Li Peng, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, sent a message of congratulations to express his respects for the unremitting efforts of the Datong Mining Bureau in support of China's modernization.

Li Peng said: In the last few years, the coal front has made remarkable achievements in reform, with a rapid increase in coal output, thus creating very favorable conditions for national economic development. The annual output of 30 million metric tons shows that the workers and staff members of the Datong Mining Bureau are particularly good fighters, daring to scale the heights.

Li Peng hoped that the workers and staff members of the Datong Mining Bureau would continue to work hard, enhance their achievements, overcome their shortcomings, ensure safety, speed up modernization of the coal industry, strengthen ideological and political work, do a good job in building socialist spiritual civilization, successfully accomplish the objectives of the Seventh 5-Year Plan, and make new contributions to the four modernizations.

A congratulatory message from the State Council was read. At the meeting, the Ministry of Coal Industry awarded the Datong Mining Bureau a cash prize of 1.8 million yuan to be used in the development of cultural, educational, and public health undertakings. Present were Gao Yangwen, adviser to the Central Financial and Economic Leading Group; Yu Hongen, minister of coal industry; and responsible comrades of central departments concerned, Shanxi Province, and Datong City.

State Council Message

OW252121 Beijing XINHUA Domestic Service in Chinese 1707 GMT 24 Dec 85

[Text] Beijing, 24 Dec (XINHUA) -- Today, the State Council sent a congratulatory message to the Datong Mining Bureau for fulfilling its target of producing 30 million tons of raw coal per year. The message reads in full as follows:

To the Datong Mining Bureau and all its worker comrades and staff members through the Shanxi Provincial People's Government:

The fact that the Datong Mining Bureau has fulfilled its annual target of turning out 30 million tons of raw coal is a great happy event on China's coal industry front. This is of great significance in exploiting energy resources and developing the national economy. Since the founding of the nation, all the workers and staff members engaged in production and construction in the Datong Mining District, particularly those comrades at the forefront of production near the shaft, have feared no hardships, worked hard day and night, overcome all types of difficulties, and made tremendous contributions to the development of the national economy. The State Council wishes to extend its warm congratulations and cordial greetings to all the engineers, technicians, workers, and cadres who have been engaged in production and construction in the Datong Mining District!

The Datong Mining Bureau is the large backbone enterprise in China's coal industry. It produces the largest amount of coal and delivers the largest amount of profits and taxes to the state each year. It plays a significant role in developing the national economy. It is hoped that you will work ceaselessly and unremittingly, continue to bring into full play the Chinese coal miners' spirit of bearing hardships and standing hard work and of being able to fight strenuously, strive to study and master advanced domestic and foreign technology, do a still better job in building and managing the mines, continue to produce more and better coal for the state, strengthen spiritual civilization while stepping up efforts in carrying out coal production and building the coal mines, and make even greater contributions to realizing the socialist four modernizations program.

The State Council

24 December 1985

Ministry Rewards Bureau

HK260121 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 25 Dec 85

[Text] The Ministry of Coal Industry has decided to award the Datong Mining Bureau the sum of 1.8 million yuan. Its decision says that after doubling its crude coal output in 1979, the Datong Mining Bureau broke through the 30 million ton mark this year, thus becoming China's current largest coal base. The bureau has achieved its goal of endeavor and has made new (?contributions) to the big development of China's coal industry and the four modernizations drive.

In order to commend the cadres, workers, and dependents for bearing the overall situation in mind and making greater contributions, the ministry has decided after study to award the bureau the sum of 1.8 million yuan. All this bonus is to be spent on culture, education, and public health work in the mining area. It should be used to buy education and medical apparatus and equipment and so on.

The ministry hopes that the bureau will make still greater efforts to persevere in reforms, strengthen management, strive to improve economic results, and make still greater contributions to the development of the coal industry.

SHANGHAI TECHNOLOGY APPRAISAL MEETING HELD

OW241028 Shanghai City Service in Mandarin 2300 GMT 23 Dec 85

[Excerpt] According to our station reporter (Liu Fuquan), a meeting to appraise a 15,000 metric-ton short-staple polyester fiber production line -- an important state scientific and technological problem-solving project -- began yesterday at the Shanghai General Petrochemical Plant. Hao Jianxiu, member of the Secretariat of the CPC Central Committee; Wu Wenying, minister of textile industry; Liu Zhenyuan, vice mayor of Shanghai Municipality; and other leading comrades attended the meeting. Lin Zongtang, vice minister in charge of the State Economic Commission, delivered a speech at the meeting entitled "Invigorate China's National Spirit, Speed Up Progress in Producing Equipment at Home."

He said: The short-staple polyester fiber production line meets the world's highest standard. It was designed and manufactured by our country with a capacity of 15,000 metric tons per year. It not only meets the technological level of the world today, but it also costs much less than imported equipment. Its economic results are obvious. The success of its construction is a very good inspiration and a tremendous impetus in the research and manufacture of all large-scale technological equipment.

XINHUA Report

OW242152 Beijing XINHUA in English 1855 GMT 24 Dec 85

["Profit-making Polyester Line Wins State Blessing" -- XINHUA headline]

[Excerpts] Shanghai, December 24 (XINHUA) -- A Chinese-built production line, which can manufacture 15,000 tons of polyester staple fiber a year, was given official state approval at a meeting here today.

Six of these automated lines have gone into trial operation at the Shanghai General Petrochemical Plant since 1981. They have produced 60,000 tons so far, generating 160 million yuan in profits and taxes -- enough to cover research costs. Products processed with the fibers are now exported to Europe, America and Hong Kong.

Hao Jianxiu, a member of the Communist Party Central Committee Secretariat, read a message of congratulations from the State Council to today's assessment meeting. The assessment meeting was organized jointly by a State Council office in charge of major technological equipment, the State Economic Commission, the Textile Industry Ministry, the China Petrochemical Corporation and the Shanghai Municipal Government.

Hao Jianxiu Speaks

OW250432 Beijing XINHUA Domestic Service in Chinese 1604 GMT 24 Dec 85

[By reporters Wu Fumin and Xia Ruge]

[Excerpts] Shanghai, 24 Dec (XINHUA) -- A polyester staple fiber production line with an annual output capacity of 15,000 metric tons, designed and developed in China, was given state approval in Shanghai today. On behalf of the Secretariat of the CPC Central Committee, Comrade Hao Jianxiu made a special trip to Shanghai to hail such an important achievement on China's economic front and to give her regards to those who took part in the development of the production line.

Comrade Hao Jianxiu spoke at an assessment meeting. She pointed out: Not only has the successful development of the production line effectively raised China's technological level and equipment manufacturing ability, but it has also created skilled persons for our economic invigoration in the days to come. The development experience will serve as general guidance for the technological transformation and progress of China's industries.

She said that in order to build China into a modern and advanced socialist country in the world, we must work hard and dare to tackle the most difficult problems and scale the heights. She emphasized the need to handle correctly the relationship between self-reliance and imports, to persistently enhance our ability of independent development, our ability to use imported technologies and our ability to create new things; to arm China's industry with advanced foreign technologies; and to strive to make our country completely independent of foreign technologies sooner.

Hao Jianxiu pointed out: The successful development of the polyester staple fiber production line with an annual output capacity of 15,000 metric tons strongly proves that our country has a certain technological and material foundation and great potential. Building socialism is an undertaking shared by the 1 billion people. The masses have inexhaustible wisdom and great initiative and creativity which are the source of our strength for accomplishing the four modernizations. As long as we emancipate our minds, consider the overall interest of the country, take the initiative in contacting the organizations concerned, and organize our personnel well, we will be able to enhance our self-reliance and our ability to build whole sets of equipment and blaze a new trail for building a modern socialist industry with Chinese characteristics.

Hao Jianxiu also read a message of congratulations from the State Council to the assessment meeting.

State Council Message

OW252304 Beijing XINHUA Domestic Service in Chinese 1628 GMT 24 Dec 85

[Text] Shanghai, 24 Dec (XINHUA) -- Today, the State Council sent a congratulatory message to the assessment meeting for production lines capable of manufacturing 15,000 tons of polyester staple fiber a year. The message reads in full as follows:

The assessment meeting for production lines capable of manufacturing 15,000 tons of polyester staple fiber at the Shanghai General Petrochemical Plant:

China has successfully designed and developed production lines which can manufacture 15,000 tons of polyester staple fiber a year, and achieved remarkable economic results. This is a major scientific and technical achievement, made possible by persistently following the policy of self-reliance and assimilating advanced technology from foreign countries. It is also a good example of the development of major technical equipment by cooperating with all quarters under the existing system without asking the state for more funds. The State Council wishes to congratulate you in this connection. It is hoped that you will earnestly sum up your experience, make even greater technical progress, improve management, step up the development of Chinese-made equipment, and offer an even greater contribution to the socialist four modernizations program.

The State Council

24 December 1985

XINHUA Commentator

OW252210 Beijing XINHUA Domestic Service in Chinese 1456 GMT 24 Dec 85

[XINHUA commentator: "Revitalize the Spirit of the Chinese Nation and Accelerate the Process of Manufacturing Equipment Domestically"]

[Excerpts] Shanghai, 24 Dec (XINHUA) -- A set of equipment capable of producing 15,000 tons of short polyester fibers a year passes a technical appraisal by the state today. The equipment, designed and manufactured in China, is equal to the contemporary world standard. This is a major achievement on China's economic front which we should celebrate.

This set of equipment was a major state research project for the Sixth 5-Year Plan. With a strong revolutionary spirit of invigorating the Chinese nation, a high degree of national self-confidence, devotion to work, and a sense of duty, the cadres, technicians, and workers who took part in the project finally succeeded after overcoming difficulties in design and manufacture. By relying on this spirit, we have scored many major achievements that attracted world attention such as the successful test of China's first atomic bomb in 1964, the successful explosion of a hydrogen bomb 1967, the launch of China's first man-made earth satellite in 1970, the launch of a long-range carrier rocket into water in the South Pacific in 1980, the test-launch of a carrier rocket under water in 1982, and the successful development and launch of a synchronous communications satellite into a relatively fixed position in space in 1984. Also by relying on this spirit, we have won one victory after another in developing major technologies and equipment.

Our past and present achievements tell us that we must have confidence in our strength and in our scientists and technicians trained in China and that pessimistic thinking and ideas of inertia are all wrong. Of course, when we emphasize the need to have confidence in our own strength, we don't mean that there is no need to import advanced technology from abroad. History has shown that a country may generally adopt three methods to turn its backward industrial technology into advanced technology. The first is the "sowing" method -- relying on one's own strength in developing technology; the second is the "transplanting" method -- importing sets of equipment and technologies from abroad; the third is the "grafting" method -- importing key equipment from abroad while relying mainly on one's own technical foundation. Importing equipment and technology is a must for the "transplanting" and "grafting" methods.

In our endeavor to tackle key research projects, we must pay attention to adopting the "grafting" method. In this way we can use others' strong points to overcome our own weak points and shorten the time of starting from scratch; on the basis of this new starting point, we must try to develop new technology in order to move toward the advanced world level. This is an experience of universal significance.

KEY EQUIPMENT DEVELOPED FOR ELECTRON-POSITRON COLLIDER

OW251217 Beijing XINHUA in English 1130 GMT 25 Dec 85

[Text] Beijing, December 25 (XINHUA) -- Chinese scientists have developed six items of key equipment for the electron-positron collider -- a top priority research scheme involving Sino-United States technological cooperation.

The collider is being built at the High Energy Accelerator Research Center of the High Energy Physics Institute, in the western suburbs of Beijing. The institute is attached to the Chinese Academy of Sciences.

An academy official said construction of the collider was aimed at promoting China's high energy research and experiment, as well as application of synchrotron radiations. Of the six items of equipment, radio frequency transistor, bending magnet and focusing quadrupole magnet were developed earlier this year. The other three, klystron, modulator and wave guide tube were developed last November.

Tests show the equipment has reached or approached the advanced world levels. They have paved the way for completing of the electron-positron collider on schedule. Construction of the building to house the collider is well on the way.

Leaders Inspect Project

OW251945 Beijing XINHUA Domestic Service in Chinese 1635 GMT 24 Dec 85

[By reporter Gu Mainan]

[Text] Beijing, 24 Dec (XINHUA) -- Fang Yi, member of the Political Bureau of the CPC Central Committee, and Hu Qili, member of the Political Bureau and the Secretariat of the CPC Central Committee, this morning inspected with great enthusiasm the electron-positron collider [zheng fu dian zi dui zhuang ji 2973 6298 7193 1311 1417 2326 2623] engineering project under construction in Beijing. In a meeting with responsible persons and concerned scientific and technical personnel of the project, Comrades Fang Yi and Hu Qili, entrusted by Comrade Hu Yaobang, extended congratulations and gratitude to all staff members and workers of the project for their efforts and achievements.

Hu Qili said: Thanks to the joint efforts by scientific and technical personnel, workers, and cadres of dozens of ministries and commissions and nearly 100 scientific research and production units, six key prototype machines for the electron-positron collider project have been successfully developed over the past year or so. The efforts to rely on ourselves and seek improvement have made it possible for us to digest the imported foreign technology as well as save tens of millions of yuan in foreign exchange. All of this shows that as long as we make determined efforts with one heart and one mind under the party's leadership, we will succeed in an undertaking, and that the idea of inertia, believing that China is backward in everything, is groundless.

He said that the progress made in the Beijing electron-positron collider project is only a gratifying beginning step and that the future task remains arduous. He encouraged all personnel to make persistent efforts and strive to effect collision before the end of 1988. It is necessary to continuously improve quality, strengthen management at each level, and go all out to finish the project without letup. Problems should be resolved in the spirit of reform. It is also necessary to pay attention to building socialism in both material and spiritual aspects, and achieve unity through intensifying political and ideological work so that the engineering project can be completed in time and with good quality.

Hu Qili urged the personnel to display the Chinese nation's assiduous and hardworking spirit in the course of constructing the project in order to bring credit to the Chinese people. He said: Relying on ourselves is by no means closing the country to the outside world, and importing technologies does not mean worshipping things foreign. We should admit, but should not be reconciled to, our backwardness. We should work hard and make solid efforts to realize, through developing this major scientific project at the world's advanced level on China's good earth, the aspiration of Chinese intellectuals and the ingenuity of Chinese engineering and technical personnel and workers.

CPC Central Committee Political Bureau member Fang Yi also spoke at the meeting. Responsible persons of the engineering project Gu Yu and Xie Jialin gave briefings on the progress of the project and the plan for next year. Responsible persons of departments concerned Song Jian, Lu Jiaxi, Yan Dongsheng, and Zhang Shou were present.

XI ZHONGXUN, TIAN JIYUN PRAISE JIANGXI PRODUCTS

OW260625 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 25 Dec 85

[Excerpts] At a recently opened national exhibition of products of supply and marketing cooperatives, some famous products, special local products by Jiangxi's supply and marketing cooperatives were praised by central leading comrades and Beijing residents. The exhibition opened in Beijing on 17 December.

Party and state leaders Xi Zhongxun, Tian Jiyun, and Qiao Shi visited the Jiangxi hall of the exhibition. They were greatly interested in the colored porcelain produced by the Jingdezhen City Supply and Marketing Cooperative. After Comrade Xi Zhongxun was told that the colored porcelain is the first of its kind in the work, he happily said: Thank you for filling the gaps in China's porcelain production.

Comrade Tian Jiyun said: You currently have many competitors. You must strive to attain the world's advanced technological level.

ROBOT PRODUCTION BASE BUILT IN SHENYANG

HK251254 Beijing ZHONGGUO XINWEN SHE in Chinese 1255 GMT 24 Dec 85

[Report: "China Builds a Base in Shenyang for Developing Robots" -- ZHONGGUO XINWEN SHE headline]

[Text] Shenyang, 24 Dec (ZHONGGUO XINWEN SHE) -- China is building its first base for studying and developing robots in Shenyang. At present, preliminary designs for this project, land acquisition, and preparatory work for the construction project have been accomplished.

This base is named "China's robot demonstration project." It will be the largest robot research base in China, and it will give priority to the study of the basic robot technologies.

It will also develop robots which can be used in some special circumstances. The starting point of its research projects will be the second generation of robots which have the capability of adapting themselves to the environment. Then, the base will gradually form integrated research, development, and production systems.

The project will be handled by the Shenyang Automation Institute of the Chinese Academy of Sciences. It has been placed in the list of priority projects in the Seventh 5-Year Plan, and will require a total investment of 50 million yuan.

The robot demonstration project will include a research section, a development section, and four laboratories -- a mechanism laboratory, a machine intelligence laboratory, a machine visual sense laboratory, and a control laboratory. The research projects will include industrial robots, underwater robots, movable robots for special purposes, and intelligent robots.

The base will be completed in 1989 and its facilities will be open to domestic and foreign researchers and producers. It will be managed in the form of a fund. It will become a national center for the research and development of robot technologies.

ZHANG JINGFU ON ECONOMIC, TECHNICAL COOPERATION

OW250626 Beijing XINHUA Domestic Service in Chinese 1524 GMT 24 Dec 85

[Text] Beijing, 24 Dec (XINHUA) -- State Councillor Zhang Jingfu emphasized at a national meeting on economic and technological cooperation today: In the first year of the 5-year plan, all localities and departments should do an even better job in establishing lateral economic ties based on a principle of equality and mutual benefit and focused on improving economic efficiency.

Zhang Jingfu pointed out: Lateral economic ties have become an important part of our national economy, representing a major change in the present economic work. Strengthening lateral economic ties is an important part of reform, and invigorating the domestic economy means developing an open domestic economy. As the economic situation varies from one locality to another and each locality has its own strong points and weaknesses, localities opening to each other and establishing lateral economic ties will enable each to learn from the other's strong points to offset their weaknesses and achieve the best economic results. In other words, they will be able to yield the maximum output and proceeds with the minimum investment and consumption.

Zhang Jingfu said: In order to do a good job in economic and technological association and cooperation, it is most important to adhere to a principle of equality, mutual benefit, real effects, great variety, and common development. Economic and technological association and cooperation must display equality and mutual benefit. As a saying goes, "business is business." Because each locality has its own responsibility to "serve the country and the people," it must have a sense of responsibility, but it must not have a compartmental selfishness. An economic organization should hold itself responsible to its masses. Therefore, association and cooperation must be based on equality and mutual benefit for a common development. Only in this way will all the organizations taking part in the association and cooperation be happy.

After fully affirming the new progress made in the establishment of lateral economic ties this year, Lu Dong, minister of the State Economic Commission, emphasized the significance of promoting economic and technological cooperation. He said: To promote lateral economic ties and economic and technological cooperation is a new aspect of our economic development since the 3d Plenary Session of the 11th CPC Central Committee.

It is an important step and action to implement the economic policy of opening to the outside world and developing an open domestic economy, as well as an important part of the economic structural reform and a major breakthrough in economic pattern. He encouraged all localities and departments to redouble their efforts to do even better and more solid work in promoting economic and technological cooperation and association.

Zhao Weichen, vice minister of the State Economic Commission also spoke at the meeting. His speech is entitled "Persistently Carry Out Reform, Open to the outside World, and Further Promote Lateral Economic Development."

The comrades in charge of economic and technical cooperation of all localities and departments attended today's meeting.

RENMIN RIBAO ON TASK OF SUPPLY, MARKETING COOPERATIVES

HK250144 Beijing RENMIN RIBAO in Chinese 18 Dec 85 p 2

[Commentator's article: "A New Task for the Supply and Marketing Cooperatives"]

[Text] A joint exhibition of products processed by the country's supply and marketing cooperatives opened in Beijing today. The supply and marketing cooperatives in various localities have brought not only a rich array of agricultural, sideline, and special local products and processed products, but also some important information: By doing a good job in the rural processing industry, we stimulate the readjustment of China's rural production structure and speed up the development of the rural commodity economy.

In the past, the supply and marketing cooperatives mainly engaged in the sale of farm and sideline products and the supply of manufactured goods. They did not pay attention to the processing industry. Exchanging primary agricultural products for manufactured goods yields poor returns. It is detrimental to the development of the rural commodity economy if the peasants are continuously and exclusively bound up in a production structure of farmwork. For this reason, the focus of the work of the supply and marketing cooperatives in the future is to help the peasants develop multilevel processing of primary agricultural, sideline, and special local products so that they can become both producers and processors of agricultural and sideline products. In so doing, the value of agricultural and sideline products and the peasants' income can be increased and the rural production structure can be readjusted. In recent years, the supply and marketing cooperatives at various levels have started to do so and have achieved some success. However, the work has just started and there is still a lot of work to be done.

A number of localities find it hard to buy and sell agricultural and sideline products. This is partly because their processing capabilities are low and the quality of their products is unreliable, thus lacking competitiveness. For example, some localities find it so difficult to sell directly long-haired rabbit pelts that the peasants often have to kill their rabbits reluctantly. Other localities, however, set up their own processing plants to process the rabbit fur meticulously and their products sell well on the market. This, in turn, stimulates the breeding of long-haired rabbits. We can thus see that the phenomena whereby it is difficult to buy and sell products can be changed.

The key lies in grasping the processing industry. The supply and marketing cooperatives should widen their fields of vision and, through multilevel processing of agricultural and sideline products, enhance the competitiveness of their commodities on the market and further enliven the production and circulation of rural commodities.

A certain degree of technology is needed in order to engage in multilevel processing of agricultural and sideline products. We should pay attention to this matter and take effective measures to train technicians and to speed up the modernization of the processing industry.

By developing the processing industry, the supply and marketing cooperatives can also alter their patterns of operation and expand their economic strength. Some supply and marketing cooperatives have set up a number of agricultural and sideline products processing enterprises by raising funds from and issuing shares to the peasants. They have succeeded in initially establishing "integrated combines linking production, processing, and marketing," which become an important pillar of the rural commodity economy. By purposefully engaging in production and processing, the weakness and the tendency toward blindness in production characteristics of small commodity producers can be overcome and a new path for the development of the rural collective economy can be opened up. In raising funds to set up the processing industry, the supply and marketing cooperatives should strive to provide their products with distinct rural and local characteristics. They should not blindly develop those processing items totally unrelated to agricultural and sideline products, because they will depart from the correct orientation if they depart from agriculture.

With its vast territory and rich natural resources, China has enormous potential to develop the processing of agricultural and sideline products. The supply and marketing cooperatives can give full play to their abilities in this field.

RENMIN RIBAO URGES CONTROL ON YEAR-END INSPECTIONS

HK260307 Beijing RENMIN RIBAO in Chinese 20 Dec 85 p 1

[Commentator's article: "Year-end Inspections Must Be Put Under Control"]

[Text] The year is drawing to an end, and the grass-roots units are very busy with their production and professional work. It is precisely at this time that some inspection groups or teams sent by organs at higher levels are going down to grass-roots units one after another, exhausting those units with the effort of receiving them.

Based on the reports of some grass-roots units, year-end inspections are characterized by the following: First, they have all kinds of names. There are scores of items when a locality conducts factory inspections, inspection on quality of new products, energy resources, measurement, fire precautions, environmental protection, public health, facilities for the well-being of the masses, parenthood planning, documents and files, united front work, and work for old cadres. Second, the inspection occasions are frequent. The locality, various departments, the city, various bureaus, corporations, the district, and even the neighborhood organization are sending their inspection groups to grass-roots units, and there are repeated inspections of the same item. And third, there is concentration in the timing of inspections. A certain factory has only 300 workers and staff, but in one single day, they received 5 inspection groups, with a total of more than 60 people!

Of course, leading organs at higher levels and professionally responsible departments have to inspect the work of grass-roots units. Assigning tasks too often without much inspection and urging is a basic shortcoming for some leading organs to overcome. However, if inspection groups are all sent at the same time, at year-end, grass-roots units will find it very difficult to cope with them all. And that will divert the energy of leadership of grass-roots units, and affect their normal production and work order as well as increase the expenditures in receiving the inspection groups. And it is doubtful just how worthwhile the results of these inspections can be.

Facing extraordinarily overelaborate items for inspection and report, some cadres of grass-roots units helplessly say: This is forcing us to tell lies!

Leadership means service, which includes serving the people as well as the grass-roots units. Leading organs should take grass-roots units into consideration in everything instead of going after formalism or their own convenience, and causing trouble for the units. By service, it means doing more practical work, while going in less for formalistic things. Attention should be attached to practical effects in the targets of inspection work. Of course, inspection groups can be sent; but they should be fewer and better, and the items for inspection should be practical. The personnel sent should meet a certain standard, and have good style. If the items of inspection are too many and the frequency too high, and they are divorced from realities, and force the grass-roots units to tell lies, this will deviate entirely from the original aim for inspection. As to those inspection groups which hanker after good food and hearty drink and appraise the work of grass-roots units based on how they are entertained, they can only injure the reputation and authority of leading organs, and it is best not to send them at all!

We are appealing to all localities and departments for their attention and urge them to adopt measures to prevent and correct the disastrous situation resulting from year-end inspection that is emerging or will emerge in some localities.

PLA'S HONG XUEZHI ON BORDER DEFENSE CONSTRUCTION

HK240727 [Editorial Report] Beijing Domestic Television Service in Mandarin on 21 December, during its regular 1100 GMT newscast, shows a 1.5-minute film clip on Hong Xuezhi, director of the PLA's General Logistics Department, discussing the department's border and coastal defense construction during an undated interview with an unidentified reporter. While Hong is heard discussing the construction, the film also shows CPC leader Hu Yaobang, not named by the announcer, visiting an unidentified PLA unit, CPC leaders Wan Li and Hu Qili, not named by the announcer, making dumplings together with several soldiers, and unidentified PLA construction projects.

The following is the full text of the interview:

[Begin recording] [unidentified reporter] Director Hong, over the past few days, our news hookup program successively broadcast reports on our Army's achievements in border and coastal defense construction, thus reflecting changes in the work style of the leadership on the logistics front. With regard to this issue, today we would like to ask you, comrade director, to discuss your plan for the future.

[Hong Xuezhi]: You have reported the past few years' achievements in border and coastal defense construction. First of all, these achievements should be attributed to the correct leadership of the party central authorities, the State Council, and the Central Military Commission. The achievements resulted from joint efforts made by the whole Army, officers and men alike. The achievements were also scored with the energetic support of local governments and the masses. Our logistics organizations have only done what they should have done. Commanders and fighters of the border and coastal defense forces guard the motherland's frontiers. Their posts are honorable and their work is hard. Leading bodies should pay attention to overcoming their difficulties. I wish to take this opportunity to extend cordial greetings to the broad ranks of commanders and fighters of the border and coastal defense forces. Judging from the results of our all-round inspection and of our work of checking and accepting completed projects, we can see that, although we have scored some achievements in border and coastal defense construction, we still have to continue seriously solving some problems.

In particular, management work must catch up with construction work. We must do well in managing and maintaining completed projects including barracks, roads, and (?warehouses). Some projects must be further improved and equipped. We must make our barracks green by planting trees and must do well in planting trees in and around our barracks. We must do well in managing and maintaining mechanical equipment and electrical installations so that they will always be in a good technical state. We must establish a strict management responsibility system in order to enable both the higher and lower levels to do well in consolidating and developing our achievements in border and coastal defense construction. [end recording]

Station Commentary

HK240729 [Editorial Report] Beijing Domestic Television Service in Mandarin on 21 December, during its regular 1100 GMT newscast, carries the China Central Television Station's 1.5-minute commentary, entitled "Investigate Point by Point," commenting on the border and coastal defense construction. While the announcer is heard reading the commentary, the television shows a film clip of top Army leader Hong Xuezhai, not named by the announcer, visiting an unidentified PLA unit and a film clip of unidentified border areas in China.

The following is the full text of the commentary:

"Tremendous changes in our country's border and coastal defense construction have taken place over the past 3 years. People are really glad of the news. The changes must be attributed to the concern of the party central authorities, the State Council and the Central Military Commission, and must also be attributed to the energetic support given by governments at all levels and people of all nationalities. Moreover, leaders of the General Logistics Department and the department's organs have cultivated the practice of investigating and mapping out plans, point by point and item by item, the practice of carrying out plans point by point and item by item, and the practice of checking point by point and item by item before acceptance. These practices have really carried forward the party's fine tradition of avoiding idle talk and concentrating on practical work. Their practices are praiseworthy.

"Although the work method of 'dissecting a sparrow' [the method of analyzing a typical case] is correct, it is not a fixed mode. If we had not investigated point by point when carrying out border and coastal defense construction, the present excellent results definitely could not have been achieved. Our motherland extends across several types of region from the west to the east, and extends across zones of varied temperature ranges from the south to the north. Even in one area, different seasons may emerge on different sides of a mountain, and different weather may emerge in two places only 10 li apart. Therefore, relying only on the method of 'dissecting a sparrow' will not enable us to get a complete picture of a problem.

"In promoting the four modernizations and in checking unhealthy tendencies, it is most probably [xiang bi] useful to emulate the strong points of the General Logistics Department and its organs and to make more point-by-point investigations."

CHINA DAILY ON NEW NATIONAL DEFENSE UNIVERSITY

HK260446 Beijing CHINA DAILY in English 26 Dec 85 p 4

[Commentator's article: "Defending the Future"]

[Text] The Chinese People's Liberation Army has set up a national defence university as a result of a Party and government decision.

The university, China's top military educational body, merges the former military, political and logistics academies of the PLA, and aims to train future senior officers for the Armed Forces. This new university represents a major reform in the PLA officer training system and a new step towards the goal of modernizing national defence.

Rapidly developing science and technology and the changing world situation have brought about much greater demands on the political and military equality of PLA officers, especially senior ones. They must be able to assume allround command of co-ordinated ground, sea and air operations while paying attention to logistics as well. They have to be versed not only in military science but also in politics, economics, diplomacy and other sciences. This calls for reforming the military educational system so that it is geared to the needs of the new situation and produces competent personnel. The new university is expected to fulfil this role.

China is focusing on economic construction. The Army has done a lot to serve this general goal of the nation's modernization. It has sent entire corps of troops to work on the construction of key state projects, and for rescue and relief operations after natural calamities. Some defence industries have switched to manufacturing civilian consumer goods and some military port facilities and airports are now open to civilian use.

But the PLA's major task remains to secure a peaceful environment for the nation's modernization drive, and modernizing national defence is an important part of the four-modernization programme. To turn the PLA into a modern, reliable revolutionary army with Chinese characteristics, measures have been taken such as reducing the ranks by one million and the merging of some regional commands, reducing the total number to seven, and new conscription regulations.

All these reforms have been carried out smoothly. Elderly senior officers have retired to make way for younger and better educated ones, infusing new blood into the whole army. Scientific research and ordnance production have made progress.

Modernization of national defence is not limited to weaponry and equipment alone. The quality of soldiers is also of vital importance. The brand-new national defence university has a task ahead to turn out senior officers competent to direct sophisticated modern warfare. With such qualified cadres, the PLA will be even stronger in defending China's national security and world peace.

ARTICLE ON LIU SHAOQI'S THINKING ON CONSTRUCTION

HK240911 Beijing GUANGMING RIBAO in Chinese 15 Dec 85 p 3

[Article by Huang Zheng: "Comrade Liu Shaoqi's Thinking on Economic Construction"]

[Text] After the founding of New China, like many other proletarian revolutionaries of the older generation, Comrade Liu Shaoqi devoted great efforts to finding a suitable path for China's socialist construction. He pointed out: "We must learn to walk with our own feet and adopt methods suitable for China's specific circumstances in our construction." ("Selected Works of Liu Shaoqi," last volume, p 423, hereinafter only page number will be given for quotations from the same book.) The last volume of "Selected Works after the founding of the state, reflects his long-term efforts in pondering China's internal situation and exploring the path for Chinese-style construction.

Around the time of the convention of the Second Plenary Session of the Seventh CPC Central Committee, before the complete liberation of the Chinese mainland, Comrade Liu Shaoqi was already writing many articles, presenting beautiful blueprints for building socialist China. "On New China's Economic Construction Policy," in volume 1 of "Selected Works of Liu Shaoqi" and "The Industrialization of the State and the Improvement of the People's Standard of Living," in volume 2, are two representative articles, in which he wrote: "The central problem for the future is how to rehabilitate and develop China's economy." ("Selected works of Liu Shaoqi," volume 1, p 426) The Chinese workers "urgently need to improve their standard of living and live a wealthy and cultural life. This is a demand and hope of the great majority of people throughout the country and the most fundamental task of the Chinese Communist Party and the people's government." In February 1951 he also pointed out: "Economic construction has become the central task of our country and people." (p 60) What Comrade Liu Shaoqi emphasized was actually the shifting of the focus of work to economic construction after the proletariat had seized state power. Later, in many other reports and articles, especially in his political report at the Eighth CPC National Congress, he repeatedly stressed that the main task was economic construction. Comrade Liu Shaoqi began to attach great importance to economic construction immediately after the founding of the state and even in this early period, emphasized that this should become the focus of work of the party and the state. This is truly admirable.

Comrade Liu Shaoqi's thinking on socialist economic construction covers a wide field. Apart from the ideas he repeatedly expounded, such as acting in accordance with economic law, making production satisfy the needs of the people, and allowing a few productive means to circulate as commodities, in the course of exploring Chinese-style paths, he also put forth many ideas on economic reform.

1. It is necessary to handle rationally the relations between various sectors of the national economy in distribution. Comrade Liu Shaoqi held that the contradictions among the people and those between production relations and productive forces can often be seen in the question of distribution. Therefore, it is necessary to handle rationally the relations between various sectors in distribution. "When the principle of distribution according to work is well implemented and the distribution is fair and reasonable, the people will be satisfied and the development of the productive forces can be promoted." (p 304) In a speech at the cadres' meeting of the Hunan Provincial CPC Committee, held in March 1957, he said that it is necessary to solve the following five problems on the question of distribution: 1) The ratio between accumulation and consumption; 2) the ratio between consumption of the workers and that of the peasants; 3) the proportional distribution in the state budget; 4) the proportion of investment by various departments and localities in the total investment; and 5) the ratio between productive and nonproductive personnel and the ratio between their pay and remuneration. In view of the irrational distribution system, he proposed that it is necessary to "make certain changes" in China's current distribution system so that the problem can be solved with guarantees by a better system.

2. The socialist economy should be a planned economy and also a diversified and flexible economy. Comrade Liu Shaoqi made some remarks on this question in 1957. He pointed out: The socialist economy is characterized by planning. It is a planned economy. However, planning can only cover several fields. But there are tens of thousands of variations in socioeconomic life. If we only emphasize planning to the neglect of flexibility and diversity, the economy will become oversimplified and rigid. "We must make our socialist economy more flexible and diversified than the capitalist economy and make our people's economic life more colorful, more convenient, and more flexible." ("A Speech on the Question of Party Rectification Among Students of Higher-Level Party Schools," 7 May 1957) But how can we attain this aim? Comrade Liu Shaoqi pointed out that first, it is necessary to study and make use of the free market, which is characterized by flexibility and diversity, and second, it is necessary that all provinces, cities, counties, and townships, and even all enterprises, cooperatives, and individuals work out their plans apart from the planning of the state.

He said: "We need both the small plans at the lower levels and the plans of the central authorities, which can play the role of mutual regulation. However, it is not enough to rely merely on the regulation of planning. We must also make use of the law of value." (Ibin)

3. It is necessary to readjust the scope of development of other trades and undertakings in light of the agricultural commodity rate. In some speeches made in the early sixties, Comrade Liu Shaoqi repeatedly pointed out: "The scope of industrial development should be suited, to a certain degree, to the agricultural products (including grain and industrial raw materials) that agriculture is able to provide and to the labor force that can be released." (p 361) In other words, "the number of people who can be released to engage in other material and spiritual production in this society should be determined by the quantity of grain, meat, and industrial raw materials provided by the peasants after satisfying their own needs." (p 335) Comrade Liu Shaoqi proposed that the scope of industrial, cultural, and educational development and capital construction which surpasses agricultural capacity should be resolutely reduced so that it can suit the development of agriculture. This really means carrying out a readjustment or reform of our industry and agriculture, as well as the relations between the two, so that a proper ratio can be maintained between various sectors of the national economy and a harmonious development can be guaranteed.

4. In socialist society, there should exist two labor systems and two educational systems. For a long time past, our labor system was divorced from the educational system. In view of this defect, from the fifties, Comrade Liu Shaoqi put forth a series of proposals on the reform in this field. He said: "In our country, there should be two principal educational systems for schools and two labor systems for factories and the countryside." "In this way we shall be able to train a large number of well-educated technicians, technical workers, and university graduates within a short period of time." (pp 324, 326) This proposal of Comrade Liu Shaoqi's raised for the first time the question of reforming education by closely combining the educational and labor systems and changing the traditional practice of making primary and secondary education a mere stepping stone toward higher education, so that it can provide industry and agriculture with a larger reserve work force. He also vigorously advocated reform of the labor and employment systems and the adoption of a labor system characterized by the coexistence of both permanent and contract workers.

5. To run trusts on a trial basis and to organize the national economy in accordance with the principle of economic management. To run trusts in China on a trial basis was an idea and a measure for reform of the economic structure put forth by Comrade Liu Shaoqi in the sixties aiming at overcoming the defect of managing economic affairs by means of administrative methods. In August 1964, based on Comrade Liu Shaoqi's suggestion, the CPC Central Committee and the State Council approved the running of 12 trusts in China on a trial basis. Comrade Liu Shaoqi attached great importance to this work. He particularly emphasized the necessity of creating China's own experiences, saying that "both capitalism and socialism have provided us with some reference materials on running trusts. However, there are still no perfect experiences. We must create experiences ourselves." (P 474) To run trusts on a trial basis was an important experiment and a successful practice in the reform of the economic structure in the sixties. It provides us with very good references for our current reform.

The thinking on socialist economic construction, especially on economic reform, in the last volume of "Selected Works of Liu Shaoqi" was not only a result of Comrade Liu Shaoqi's deep pondering and bold practice, but also a crystallization of the collective wisdom of the party and the people.

Through studying the last volume of "Selected Works of Liu Shaoqi," we more fully realize that the important theory of building socialism with Chinese characteristics put forth by the 12th CPC National Congress was truly a result of great efforts. We must always remember the immortal contributions of Comrade Liu Shaoqi and other revolutionaries of the older generation to the formation of this theory and study it conscientiously.

REFORM DEPENDS ON GOOD SOCIAL ENVIRONMENT

HK251410 Beijing GUANGMING RIBAO in Chinese 16 Dec 85 p 3

[Article by He Jianzhang: "Good Social Environment Is a Prerequisite to Reform"]

[Text] In "The Explanation on the Proposal for Making the "Seventh 5-Year Plan," Premier Zhao Ziyang pointed out that the most important of the three tasks in the period covered by the "Seventh 5-Year Plan" is "to create good economic and social environments for the reform of the economic structure so as to enable the smooth development of the reform and lay a basic foundation for a new economic structure." Taking a good social environment as a prerequisite for the reform involves the summing up of the practical experiences of our country's reform and construction over the past few years and is of great guiding significance to our future work.

The social environment consists of not only the various social conditions concerning people's livelihood and work, such as political democracy, social order, medical and health services, culture and education, living and working environments, living quality, residential standards and so on, but also the social mood formed by the social opinion and social psychology. To create a good social environment means to create various good social conditions so as to form a type of civilized, healthy, happy and energetic social mood; smooth out various social relations; coordinate the relations among the various classes, social strata, social organizations and individuals of our country; create stability and unity in our society and enable the people of the whole country to work whole-heartedly for the common goal -- the building of socialist modernization.

A good social environment is a prerequisite to reform. This is because only when there is a perfect political system can we bring into full play the decision-making role of the leaders at various levels of the party, government and enterprises and guarantee the democratic right of the broad masses of people and all patriotic personages in taking part in the reform so as to enable them to truly become the main force in the cause of reform and enable the reform to be carried out on a more extensive mass basis and social basis. In the meantime, only when the quality of the livelihood of the broad masses of people has been gradually improved can we fully develop the enthusiasm and creativity of the broad masses of people. The development of cultural and educational causes will produce the personnel qualified in various fields, who are urgently needed by the reform progress; they will form a contingent of personnel with a higher standard of education. To strengthen the broad masses' concept of enforcing and observing the law and establish a good social order can guarantee the normal life and work of the broad masses, safeguard the interests of the people and the country, and ensure the smooth development of the reform.

Since the 3rd Plenary Session of the 11th CPC Central Committee, the CPC Central Committee and the State Council have done a lot of work in order to create a good social environment. As far as the ideological, political and social conditions are concerned, the CPC Central Committee has made great efforts in eliminating "leftist" mistakes in the guiding ideology, and in rebuilding the practical Marxist ideological line, perfecting the inner-party democratic life and various types of democratic systems of socialism.

They have also made great efforts in redressing a lot of mishandled cases, rehabilitating veteran cadres and intellectuals, adjusting the workers' salaries, providing jobs to tens of thousands of youth "awaiting jobs," readjusting the purchase prices of farm and sideline products, increasing the peasants' income and so on so as to put in the utmost position the task of gradually improving people's living standard, improving the living and working environments of the broad masses of people, and establishing and perfecting various social security systems. The "Proposal of the Central Committee of the Chinese Communist Party for the Seventh 5-Year Plan for National Economic and Social Development" passed by the National Conference of Party Delegates stresses: "Improving the environment should be made an important part of improving the living standards and quality of life of the people in the urban and rural areas." "As part of sound city, town and township planning, we should greatly develop landscaping projects and gradually create a clean, green and comfortable environment for people to live and work in." During the period covered by the "Seventh 5-Year Plan," so long as we resolutely carry out the spirit of the proposal of the CPC Central Committee, the reform will surely be carried out in a good social environment and under preferential, objective conditions.

A good social mood is an indispensable part in creating a good social environment for reform. The social mood is one of the manifestations of the people's social psychology. Without a good social mood, reform will be hindered by the various subjective factors, such as various ideological, spiritual and psychological factors.

In order to get the reform to conform with the people's social psychology and develop steadily and to enable the people's social psychology to develop in a positive orientation in the reform, we must take into consideration the disposition, nature, emotion, habit, interest and custom of our national culture. We must pay attention to the coordination of relations among the people and all the social relations.

On this basis, we must make people understand that the purpose of the reform is to eradicate erroneous traditional concept and systems and enable the masses to form a type of social opinion which pushes the reform forward. In order to realize this, we must deeply study the reform theory and publicize the purpose and necessity of reform among the broad masses of the people, point out the maladies of the old structure, make clear the basis, orientation and principle of reform and unify people's understanding of reform so as to reduce the resistance toward reform as much as possible. As far as this aspect is concerned, our past discussion on the question that practice is the only criterion for judging truth, on the question of distribution according to work, on the question of the law of value, on the question of the socialist planned economy and commodity economy and on the question of planning and markets, and our study on the question of modernization and the question of changing people's traditional concepts and so on, have all played a positive role.

Besides, in order to enable the reform to be carried out in a good social mood, we must also study people's social psychology, forecast the possible social consequences reform might bring about and work out proper countermeasures so as to reduce social vibration as much as possible. The reform is actually aimed at readjusting all social relations, including the relations of production and bringing about changes in people's positions, roles and economic interests in production and social life. However, we must also tell people that although the reform will inevitably and greatly develop the social productive forces and bring about enormous practical benefits to the broad masses of the people in general, we cannot expect every single reform to bring about immediate benefits for every one. We must also fully calculate the possible psychological influence on the broad masses of the people, which will be caused by every single reform. For example, in economic reform, enterprises cast away the practice of eating from the same big pot of the state and implement various forms of management and contract responsibility systems to the state.

The workers cast away the practice of eating from the same big pot of the enterprises and implement various forms of economic responsibility systems within the enterprises. All these will inevitably widen the gap between earnings of different enterprises and the gap between incomes among individual workers. So, within the socialist economy owned by the whole people, what is the proper gap between earnings among different enterprises and between incomes among individual workers? What measures should we adopt so as to prevent an excessively big gap? What will the people think about the gap? How will the people respond psychologically to the gap? How can we do well the ideological work among the masses? How will the workers be resettled if the enterprises fail to compete or even go bankrupt after acquiring decision-making power in their management and becoming responsible for their own profits and losses? How will the surplus labor force be resettled after rectification of enterprises? How will the implementation of the factory director (manager) responsibility system coordinate with the master's position of the workers? How will price reform and the rise of prices affect the people's life? What kind of measures should we adopt to subsidize the people? All these questions should be taken into consideration beforehand. It appears that while a reform plan may be economically rational, it might be inapplicable because of the limitations of what society can bear or it can only be gradually implemented step by step. For example, since we are now implementing the planned commodity economy, price controls should be relaxed as much as possible so that the prices of the means of subsistence and the means of production, whose prices were subsidized by the state finance and whose supply were limited by a certain quota in the past, will generally rise. This will, in turn, bring about a social vibration. Confining the social vibrations to what the state, collectives and individuals can bear, is a serious problem. This year, in order to carry out price reform, our country has adopted the policy of combining readjustment with relaxation and the policy of advancing in a cautious way. This year, our country first readjusted the prices of means of subsistence and has postponed the readjustment of the prices of means of production. Our country first relaxed the prices of other products rather than the prices of the basic means of subsistence and still controls the basic means of subsistence. Since readjusting and relaxing prices, the state has provided proper price subsidies to its citizens in order to prevent the living standard of the majority of the people from falling.

In the meantime, we should bring into play the state commercial undertakings' role of handling, coordinating and balancing prices, strengthen market administration and crack down on speculation and profiteering activities and various illegal activities, such as monopolizing the market and prices and so on. Because of proper measures, this year, our country's price reform has been carried out more satisfactorily than expected. Because the price reform has not aroused the psychological resistance of the people, no major social vibration has yet been caused. This fact tells us that when we implement reform measures, we should fully consider the social psychology of the people. This principle applies not only to economic reform, but also to the political, cultural and social reforms and reforms in other areas. When carrying out all types of reforms, we should fully consider how much the psychology of society's members can bear and consider various complicated social relations. Correctly dealing with these questions is the prerequisite to the smooth progress of reform.

Strengthening the building of the socialist spiritual civilization which centers on the education of the communist ideology is the key link in creating a good social mood. Our present policy of invigorating the domestic economy and opening the country up to the world will surely push forward the development of our country's economy. But at the same time, some people will inevitably tend to "pursue money in doing everything." The decadent Western bourgeois ideology will erode some people's minds. Because of the corrosive influence of bourgeois ideology, some weak-willed people will try to seek private interests and take graft and bribes by making use of their powers.

As a result, the social mood will be corrupted. Some people will act in various ways under the pretext of reform and avail themselves of the loopholes in the reform, thus harming reform. So we must pay great attention to these phenomena. We must always bear in mind that our goal is to realize socialism and communism. The goal of our present reform is to build a socialist economic structure with Chinese characteristics, push forward the vigorous development of the social productive forces, and build a thriving socialist society with common prosperity. In order to realize this goal, we must strengthen the education of ideals and discipline and resolutely oppose all the erroneous ideologies and acts of applying the principles of commodity economy to the noneconomic fields, especially to the political life of the party and the country. We should not take a laissez-faire attitude toward the various bourgeois malpractices and should resolutely resist and fight against these malpractices. In recent years, we have cracked down on economic crimes and criminal offenders. At the same time, we have achieved some successes in carrying out party rectification. All these have pushed forward the reform. However, because we relaxed our political and ideological work and the work of building the socialist spiritual civilization for a period, some harmful trends have emerged in society. Recently, the Secretariat of the CPC Central Committee has decided that the central task at present and in the near future is to strengthen party rectification and the ideological and political work as well as building socialist spiritual civilization, and try to achieve remarkable successes in this work in one or two years so that the party style and the general mood of the society will be fundamentally improved and reform will progress smoothly in the correct direction.

RENMIN RIBAO ON IMPORTANCE OF FLOOD PREVENTION MEASURES

HK251054 Beijing RENMIN RIBAO in Chinese 20 Dec 85 p 2

[Commentator's article: "Removal of Obstacles and Renovation of Water Conservancy Projects Should Be Based on Flood Prevention"]

[Text] This year there have been floods and flooding in the northeast and other areas which have caused serious disasters. This has reminded people that they should never neglect the work of flood prevention.

Throughout our history, the people in our country have suffered greatly from floods. According to statistics, in the 2,155 years from 206BC when the Western Han Dynasty was established to AD 1949 when the whole country was liberated, there were 1,092 relatively big flood disasters, 1 every 2 years on average. Whenever there was a flood, a large area was covered by water and there were disaster victims everywhere. Since the founding of the PRC, the state has vigorously harnessed the rivers and built flood prevention projects. It has thus initially controlled ordinary floods and successfully prevented floods by our major rivers for over 30 years. However, we have not yet thoroughly harnessed many rivers and the flood prevention standard in many important cities is still relatively low; therefore, when there is a particularly serious flood, we have no perfect way to deal with it. Over the past few years, there have been local floods nearly every year. All these prove that the problem of flood prevention is far from being solved. All localities should make adequate preparations to cope with any possible flood disasters.

The work of flood prevention is extremely important. Most of the economically developed areas and major construction projects are situated in the lower reaches of our rivers; therefore, flood prevention security work is an indispensable precondition for our economic construction. Take the Chang Jiang, the Huang He and the five other major rivers for example. The river dikes in their lower reaches protect about 1 million square kilometers of land, which accounts for about 1/9 of the total area of land in our country and which yields 70 percent of our country's gross industrial and agricultural output value.

Ensuring that these major rivers pose no or few problems is of vital importance for the smooth development of our national economy. Once we fail to prevent floods, the entire arrangement of our economic development will inevitably be disrupted and people's lives and property will be endangered. Intensifying our work in flood prevention is vital to the overall situation of the "four modernizations." We must vigorously and satisfactorily grasp this work, and by no means be allowed to be slack in this work.

At our country's current technological and economic level it is still impossible to absolutely control flooding. However, we are entirely able to conscientiously sum up and learn from experiences and lessons gained from the flood prevention struggle at home and abroad in the past and now. We must adopt effective methods, closely combine construction measures and nonconstruction measures, adroitly guide actions according to circumstances and thus ease flood disasters and reduce losses. The major reason why there have been flood disasters in some areas has been that these areas neglected flood prevention preparations and failed to maintain a high vigilance in their minds or to ensure the implementation of measures. At present, there are a variety of unsafe factors in quite a few reservoirs, dikes and riverbeds in our country. If we do not change this situation, disasters like what has taken place in the northeast are very likely to occur in other areas.

There are many rivers in our country with 170,000 kilometers of major dikes; therefore, we cannot hope that the work of flood prevention can be completed at one stroke. We should draw up a long-term plan. In our guiding thoughts, we should be clear about the principle of "prevention beforehand being more important than emergency struggle" and regard prevention as our starting point. In low-water seasons, we should earnestly strengthen our management of the existing flood prevention facilities, riverbeds, flood-diversion areas, and detention basins. Only by so doing can we ensure their safe operation during the high-water seasons and head off disasters. We should utilize the agricultural idle seasons in winter and spring to grasp the maintenance and construction of water conservation projects, do a good job of dredging rivers, establish and perfect the responsibility system and do the work beforehand. All the people from the cadres in the governments at all levels to the masses of people should be prepared for danger in times of peace and always be ready beforehand. Then there will certainly be a new situation in our flood prevention work.

ANHUI'S HUANG HUANG AT MEETING ON PARTY STYLE

OW201234 Hefei Anhui Provincial Service in Mandarin 1100 GMT 19 Dec 85

[Excerpt] Recently the provincial CPC Committee held a meeting to earnestly study the circular issued by the General Offices of the CPC Central Committee and the State Council on solving the serious problems in office work style at present. The meeting studied opinions regarding the circular's implementation and decided to hold a meeting in the near future to mobilize responsible party-member cadres of provincial-level organs. The meeting urged party organizations at all levels to take action, follow the guidelines laid down in the circular, and truly correct the serious problems in office work style at present.

Comrades Huang Huang, Wang Yuzhao, Shi Junjie, Lu Rongjing, Xu Leyi, Zhao Baoxing, and Hong Qingyuan attended the meeting, as did responsible comrades from the provincial departments.

Comrades at the meeting noted the circular of the General Offices of the CPC Central Committee and the State Council has tremendous significance for the efforts to correct party work style and foster closer ties between the party and the masses. The problems noted in the circular are also found in our province, some of these being quite serious.

In the case of buying new and replacing old cars, because of lax control and unplanned purchases of cars, units that are not entitled to buy or replace them have done so. Many other cases deserve our serious attention. For instance, groups and individuals have been sent abroad without careful control; some cadres squander public funds by making pleasure trips everywhere, engaging in extravagant activities, feasting, and giving gifts; and some abuse their power and other convenient positions for selfish interests.

The meeting urged party organizations at all levels to earnestly study and deeply understand the guidelines of the circular, make comparisons and examinations to discover existing problems, and take effective measures to correct them. Units undergoing party rectification should regard implementation of the circular as a part of party rectification. Prominent and severe cases that create very bad influences should be closely attended to and handled sternly.

WAN SHAOFEN ON JIANGXI ECONOMIC DEVELOPMENT

OW240432 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 23 Dec 85

[Excerpts] The following are excerpts of a speech given by Wan Shaofen, secretary of the provincial CPC Committee, before the close of the provincial conference on economic work. The title of the speech was "Work in Unity To Prepare for the New Task and Strive for New Victories in the First Year of the Seventh 5-Year Plan." Comrade Wan Shaofen's speech has four parts:

1. Consolidate and develop the excellent situation and prepare for the new task.

After stating in general the excellent situation in our province since the 3d Plenary Session of the 11th CPC Central Committee marked by political stability and unity and the sustained, steady, and coordinated development of various sectors of the economy, Comrade Wan Shaofen said: During next year the foundation for fulfilling the Seventh 5-Year Plan will be laid. According to the preliminary proposal for fulfilling the Seventh 5-Year Plan adopted at the Second Enlarged Plenary Session of the Eighth Jiangxi Provincial CPC Committee, our province's basic economic and social development tasks during the Seventh 5-Year Plan period are as follows:

We should further grasp the work of reform, opening to the outside, and enlivening the economy in accordance with the requirement of building a socialist economic system with Chinese characteristics full of vigor and vitality. While continuing to raise economic results, we should ensure that, by the year 1990, our gross value of industrial and agricultural production will be 1.6 times greater than the 1980 record, that major norms of economic results on the industrial front will be close to the national averages, that local financial revenue will be 1.6 billion yuan more than this year, and that the per-capita consumption of urban and rural residents will be 50 percent higher than this year. To accomplish these tasks, we should make a success of the initial work, or the work of next year.

Comrade Wan Shaofen said: At present, we should go all out to promote, particularly among those cadres and masses who are party members, the good style of taking into consideration important matters, paying attention to unity, stressing practical results, and competing to see who makes the greatest contributions. What are the important matters? They are the four modernizations of the motherland, the prosperity of our country, the affluence of the people, and the revitalization of Jiangxi. Every word we say and everything we do should be subordinate to our country's long-term basic interests; the sustained, steady, and coordinated development of the causes of our party and people; and the needs of the full-scale revitalization of Jiangxi.

Comrade Wan Shaofen continued: We should pay attention to unity. All comrades at both high and low levels, cadres and masses alike, and including those inside and outside the party, as well as all departments and all units should pay attention to unity. In particular, leading bodies at all levels should do well in strengthening unity.

In doing every task, we should stress its practical results. Whatever we do, we should seek truth from facts and pay attention to the real benefits. Our tasks are intended to be carried out at the grass-roots level and among the masses. To tell whether a policy or a proposal is good or bad, the final criterion is whether it really benefits the people. Leading comrades at all levels should go deep into grass-roots units and among the masses to discover and resolve problems. They should be concerned about the people's well-being and do more substantive work for the interests of the people. Apart from the above, we should promote the style of competing to see who makes the greatest contributions. By competing to see who has the greatest achievements and contributions, we will be able to foster the style of learning from one another and emulating the advanced, and to learn from others' strong points to offset our weaknesses.

2. Persist in reform and enlivening the economy and incorporate macroeconomic control and microeconomic invigoration into an organic whole.

To fulfill the requirement of developing our province's economy a little faster than the national average and to win new victories next year, we should unwaveringly proceed with reform, a self-improvement and development process under the socialist system and the fundamental way to promote the growth of social productive forces. According to the plan formulated by the central authorities, on the basis of the significant step we have taken this year, the emphasis of next year's reform work should be placed on consolidating, supplementing, digesting, and perfecting what we have already done; resolving striking problems; retaining the beneficial and discarding the harmful; and preparing for investigative, exploratory, and experimental work in connection with the new reform in 1987.

In addition, it is imperative that we resolutely carry out the important policy decision of the central authorities on stepping up macroeconomic control and make all-out efforts to enliven our economy in light of the reality of Jiangxi.

3. Attach great importance to the training and employment of talented people.

Comrade Wan Shaofen said: Enlivening the provincial economy a little faster than the national average relies on talented people. Jiangxi has over 557,000 cadres, of whom 306,000 are intellectuals ranging from the middle to the advanced level. They can become a formidable force if we succeed in keeping them in Jiangxi and arousing their enthusiasm. We must take effective measures to further implement the policy toward intellectuals and do a good job in solving the problem of discovering, employing, retaining, attracting, and training talented people. We must create an overpowering atmosphere in which knowledge and people of talent are greatly respected and dearly cherished, so that they can fully contribute to the revitalization of Jiangxi's economy.

Comrade Wan Shaofen said: We must form more channels to attract more badly needed talent from other localities for our own social and economic development. There is an acute shortage of talented people in our province's rural areas, particularly in the old revolutionary base areas. Therefore, to meet the needs of local commodity production, we must hire professionals and experts, skilled craftsmen, and veteran master workers from other localities to teach us knowledge and skill.

We must reform the management system for scientific and technological cadres and create a good environment in which talented people are trained in great numbers and in which they can make use of their ability to the fullest. We must attach great importance to training talented people as a reserve force for our province's Seventh and Eighth 5-Year Plans as well as the target of quadrupling our province's industrial and agricultural production by the end of this century.

We must do a good job in the structural reform of the educational, scientific and technological systems. We must run the various types of schools at all levels well and form a new and sound educational system that meets the needs of the four modernizations and the revitalization of Jiangxi.

4. Effectively strengthen our leadership over economic work.

Comrade Wan Shaofen said: Party committees and governments at all levels must carry out meticulous organization in and exercise effective leadership over both macroeconomic and microeconomic work. All cadres, particularly leading cadres, must study and link theory with practice to raise their levels of leadership, technology, knowledge, and management as well as their decision-making ability. Leaders at all levels must play an exemplary role in establishing a correct party style. When the party style is correct and the people are honest, the speed of our economic construction will also accelerate. Therefore, in economic work, we must attach great importance to establishing a correct party style.

We must effectively strengthen ideological and political work and pay equal attention to both the spiritual and material civilizations. We must do a good job in carrying out party rectification in the rural areas and ensure the healthy development of party rectification. We must strengthen the organizational construction of grass-root party organs in the rural areas and do a good job in carrying out education in the party's basic goals, the communist ideal, current party policies, discipline and law, and scientific and cultural knowledge. We must do a good job in gradually adjusting and building up the leading bodies of grass-roots rural party organs and pay attention to discovering, selecting, fostering, and raising the level of grass-roots cadres in the rural areas.

Comrade Wan Shaofen said in conclusion: Leading organs at all levels must firmly establish the concept that leadership means service. They must be inspired with enthusiasm, work hard, wholeheartedly serve the people, and make new contributions to the four modernizations, the revitalization of Jiangxi, and the prosperity and happiness of the people.

SHANDONG CALLS FOR FULFILLING GRAIN PURCHASE PLAN

SK230537 Jinan Shandong Provincial Service in Mandarin 2300 GMT 21 Dec 85

[Text] The provincial government held a telephone conference on the evening of 21 December to mobilize efforts in and work out plans for speeding up purchases of grain, oil-bearing seeds, and cotton. Vice Governor Ma Shizhong spoke. The conference stressed that making the best use of time to successfully fulfill the plans for purchasing grain, oil-bearing seeds, and cotton from the beginning to the end is of important significance in consolidating the achievements in the restructuring of rural production, protecting peasants' enthusiasm for developing commodity production, and making unified and proper arrangements for urban and rural markets and foreign trade. Leading persons at various levels must bear the overall situation in mind, and mobilize the masses to create an upsurge in purchasing and storing.

The conference urged: All prefectures, cities, and relevant departments should conduct a general examination on the current situation in purchasing grain, oil-bearing seeds, and cotton. Leading persons should personally attend to the work of units capable of fulfilling their plans that are very slow in its progress at present. Measures should be formulated at every level to enable them to create an upsurge in purchase in 3 to 5 days. We should strive to basically fulfill the provincial cotton purchasing plan and to make most prefectures, cities, and counties fulfill their grain and oil-bearing seed purchasing plans in the 10 days before the end of the year. We should conscientiously implement the various purchasing policies. From now on, in areas where the state contract purchases of grain and oil-bearing seeds have not been completed, all departments involved in the grain and oil business, including foreign trade, supply and marketing, and commercial departments, township enterprises, and companies purchasing and marketing grain at negotiated prices under grain departments, are not permitted to purchase at a price higher than the state purchasing price for fixed proportions of grain and oil. Only in areas where grain and oil-bearing seed purchasing plans are fulfilled can these departments fix flexible prices according to market demands and price changes. In purchasing cotton, it is necessary to adhere to the examination policy of [words indistinct], and set the price according to quality. It is forbidden to arbitrarily lower or raise the quality threshold and set higher or lower prices. In purchasing grain, oil-bearing seeds, and cotton, it is necessary to implement the principle of making accounts and payments immediately after purchase, and the principle of paying cash to those who sell. We must never presumptuously try to settle final accounts with no cash, still less embezzle the money that peasants earn from the sales. Any units that have committed such mistakes should correct them today. Those that do not pay any attention to the correction should be held responsible.

The conference also called for efforts to carry out thorough ideological and political work, and educate peasants to carry forward the glorious tradition of loving the country and socialism and vigorously sell grain, oil-bearing seeds, and cotton in order to support the four modernizations of the state.

SICHUAN CITY MODEL FOR NEW ADMINISTRATIVE SYSTEM

HK240917 Beijing GUANGMING RIBAO in Chinese 16 Dec 85 p 3

[Article by Zhou Yongchuang, Zhao Jieyuan, and Ma Rongqing: "Leadership of the Cities Over Surrounding Rural Areas Is an Open Type of Systems Engineering -- Investigation of How Chengdu City Implements the System of a City Leading Some Counties"]

[Excerpts] Our economic reform began in the countryside, and the success in rural reform has great positive influence on urban reform. Cities are now urgently required to play a leading role in economic life in order to promote the development of the socialist commodity economy. Changing the administrative structure of counties subject to the leadership of a prefecture into a new system of counties led by a city is an important policy decision made by the State Council in light of the requirement of the development of our urban and rural socialist commodity economy. Our investigation of Chengdu City's implementation of the system of a city leading some counties shows that the establishment and implementation of this new system is not only a reform measure of the administrative structure, but is also a key step bearing on all-round reform in urban and rural economic life. As a matter of fact, it is an integrated project of systems engineering removing the economic barriers between cities and countryside, integrating the urban economy with the rural economy, and changing a closed economy into an open one.

First, the establishment of the system of a city leading some counties will help form an open urban and rural economic system and various reasonably distributed economic networks. Chengdu City and former Wenjiang Prefecture are situated in the central area of the rich Sichuan basin. The city and rural area are joined geographically and have long-standing close economic relations. In May 1983, the State Council approved the merger of Chengdu City and Wenjiang Prefecture and the adoption of the administrative system of a city leading some counties. Chengdu City now has jurisdiction over 3 suburban districts and 12 counties with a total area of 12,600 square kilometers and a total population of 8.5 million people. After the prefecture was merged into the city, the Chengdu City CPC Committee and city government laid down the following guiding principles in the implementation of the system of a city leading some counties:

1) Developing industry and agriculture simultaneously and laying equal stress on work in both the city and the countryside; 2) making overall and well-coordinated plans for urban and rural work; 3) bringing the advantages of the city and the countryside into full play so as to enable them to support each other; 4) reasonably controlling the size of the city and actively developing satellite towns; and 5) establishing an open economic zone with Chengdu City as the central base. These guiding principles have been put into practice since the city began to exercise administrative leadership over surrounding counties, and the economic development in the city and the countryside has become interdependent and an integrated regional economic system has been formed. This has promoted the development of various horizontal economic links and the gradual forming of various economic networks, such as the networks for commodity circulation, industrial production, highway transport, technological development, and town building, which meet social needs reflected in the markets.

Second, the relationship between the administrative region and the economic zone is correctly handled, and an economic system both inwardly and outwardly open has been established. The city's central leading role refers to the city's relations with outside regions and the city's radiating and attracting capacity and its ability to provide comprehensive services.

While exercising leadership over surrounding counties, Chengdu City is trying to expand economic relations with other cities and regions in the country and with overseas areas in order to open markets there for Chengdu's products, services, funds, and technologies and to absorb other regions' strong points. After the establishment of the system of the city leading surrounding counties, it is completely necessary to open all circulation channels between the city and the countryside, and no restraints should be applied to either internal or external economic exchanges. In the matter of industrial expansion and technological transfer, Chengdu City does not confine itself within its administrative jurisdiction; instead, it encourages subordinate counties to compete with units outside the city and develop economic ties with outside units, especially developing foreign trade, in order to widen the scope of their economic activities as much as possible.

Third, in the system of a city leading some counties, an open economic structure is established by combining the administrative means with the economic means under the guidance of the systems engineering theory. Chengdu City now has changed its previous view of suburban areas merely as nonstaple food production bases for the city and the traditional practice of requiring industry to assist agriculture and requiring urban enterprises to support rural enterprises. Now, a new type of relation between the city and the countryside, based on mutual assistance and coordinated development, has been established. Various economic activities are organized on the principle of opening up the economy in both the city and the countryside and in light of the rules of commodity economy. The city's administrative management is supplemented with various economic means. Specifically, first, the city expands the counties' authority for economic management and gives them power to control overall economic activities; second, the city not only gives financial and material assistance to the counties, but also makes use of its advantages in industry, technology, commodity circulation, transport, and information to promote economic development in various subordinate counties and to enable the counties to bring their respective advantages into full play; third, the city has actively developed horizontal economic links between urban and rural areas and promoted economic combinations, technological cooperation, and their interdependent relations on the basis of equality and mutual benefit.

The experience of Chengdu City in implementing the system of a city leading some counties shows that the State Council's decision to change the administrative structure is correct and is in line with the rules governing development of the socialist commodity economy in cities and in the countryside. In 1983, when Chengdu adopted the new administrative system, its total industrial and agricultural output value reached 9.86 billion yuan, or 14.3 percent over the previous year; its income reached 850 million yuan, or 16 percent over the previous year. This ended the local financial deficits of the previous 2 years. In 1984, the city's total industrial and agricultural output value reached 11 billion yuan, increasing by 11.5 percent over the previous year; its income topped the major mark of 1 billion yuan, increasing by 15.5 percent over the previous year. A vigorous and open economic system that integrates urban economic activities with rural economic activities has been formed in Chengdu.

BAINQEN ERDINI CONCLUDES TOUR, LEAVES XIZANG

HK220303 Lhasa Xizang Regional Service in Mandarin 0100 GMT 22 Dec 85

[Excerpts] NPC Standing Committee Vice Chairman and Buddhist Association Honorary Chairman Bainqen Erdini Qoigyi Gyaincain left Lhasa by plane at noon on 21 December after concluding his more than 3 months inspection of Xizang. Pagbalha Geleg Namgyai, vice chairman of the regional People's Congress Standing Committee, who is making a special journey to accompany Bainqen to Beijing, left on the same plane.

After attending the 20th anniversary celebrations of the founding of the Xizang Autonomous Region, Bainqen visited Naqu, Xigaze, Shannan, and Lhasa to inspect work. He repeatedly stressed that the people of all nationalities must strengthen unity under party leadership, preserve the unity of the motherland, and strive to make Xizang prosperous.

Bainqen said to the cadres and masses at the conclusion of his inspection: We have the care and help of the CPC Central Committee and the vigorous support of fraternal nationalities throughout the country. As long as we, under the leadership of the regional CPC Committee, go further in totally negating the Great Cultural Revolution, in eliminating leftist influence, and in correcting the ideological line; brace spirits and work hard in concert; we will certainly be able to build a united, rich, and civilized new Xizang.

Bainqen was seen off at the airport by responsible comrades of the regional CPC Committee, People's Congress Standing Committee, people's government, military district, and CPPCC including Wu Jinghua, Raidi, Doje Cering, Basang, Mao Rubai, Dangzin, Gyaincain Norbu, Shengqin Luosang Jianzan, Cao Xu, Lang Jie.

LHASA OFFICIAL ARRESTED, EXPELLED FROM PARTY

HK230323 Lhasa Xizang Regional Service in Mandarin 1130 GMT 22 Dec 85

[Text] According to XIZANG RIBAO, (Zhao Mingyi), former deputy director of the Lhasa City Economic and Planning Commission, was arrested on 14 November in accordance with the provisions of article 185 of the criminal law for taking bribes exceeding 10,000 yuan. The Standing Committee of the city CPC Committee has decided to expel him from the party and dismiss him from all party posts. The city government has decided to dismiss him from his post as deputy director of the Economic and Planning Commission.

(Zhao Mingyi) used his powers to assign construction projects for the Lhasa flour mill, chicken farm, and (?daily utensils) factory to (Lei Maoqi), a contractor from Xinjin County in Sichuan who had come to Xizang. The total investment for these projects exceeded 1 million yuan. They colluded with and made use of each other. On the one hand, (Lei Maoqi) wanted to thank (Zhao) with a gift for his assistance; on the other, (Zhao) told (Lei) many times that he wanted to buy a house in Chengdu and have furniture made there, but he lacked the cash. (Lei Maoqi) readily took the hint when he heard this. On 27 June last year, under the name (Zhao Lun), (Zhao Mingyi) accepted 10,000 yuan from (Lei Maoqi) that (Lei) had deposited for him in the Xinjin County Agricultural Bank. This was later discovered by the Lhasa City People's Procuratorate. In June this year, while in Xinjin County, (Zhao Mingyi) accepted bribes of \$200 and 100 yuan in foreign exchange certificates from (Lei Maoqi). From the second half of 1984 to July 1985, (Zhao Mingyi) accepted a Satellite tape recorder and a camera as bribes from (Lei Maoqi). He also accepted cigarettes, wine, sugar, rice, noodles, oil, vegetables and other agricultural products.

YUNNAN CONFERENCE LISTS ECONOMIC TASKS FOR 1986

HK220615 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 21 Dec 85

[Excerpts] Apart from studying and formulating the guiding idea and goals of endeavor in economic work next year, the provincial economic work conference convened by the provincial government also studied and formulated 10 items of work to be grasped well next year:

1. Strive to ensure steady growth in agriculture and speed up the development of township and town enterprises. Comrades of economic work departments at all levels must fully understand the importance of agriculture, place it in an important strategic position, and ensure its all-round steady growth.
2. Continue to perfect and round off the reform measures already being implemented and do a good job in invigorating large and medium enterprises.
3. Do everything possible to improve economic results, focusing on improving quality, lowering input consumption, and speeding up the turnaround of capital.
4. Step up technological transformation in enterprises and vigorously promote their technological progress.
5. Go all-out to develop commodity production, do a good job in organizing sources of supply, step up macroeconomic control, provide good guidance for consumption, and do everything possible to arrange the markets still better and stabilize market prices.
6. The economic departments must attach importance to and be concerned for foreign trade work, make efforts to boost output of export goods, expand exports, and increase foreign exchange income.
7. Do a good job in fiscal and credit work, to ensure economic development.
8. Relax policies and further open up to the world.
9. Step up ideological and political work in the course of reform, to ensure the smooth progress of reform.
10. Get a further grasp of education for cadres and workers to improve their quality.

Station Commentary

HK220617 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 21 Dec 85

[Station commentary: "Improve Quality, Lower Input Consumption, Raise Economic Results"]

[Excerpt] The recent provincial economic work conference held that the main aim for next year is to improve product quality and lower raw material consumption.

A leading comrade of the State Council has pointed out that poor product quality and high material consumption are outstanding weak points in China's economy, and that there is tremendous potential here in future development. If this is the case in the country as a whole, it is all the more so in Yunnan. According to statistics, raw material, fuel, and power expenditures account for 75 percent of production costs in Yunnan's industrial enterprises. There is no way to calculate the losses caused by poor product quality, by selling the products at lower grades and prices, and from losses in the production process.

During the seller's market that emerged in the first quarter of this year, certain enterprises again developed the idea that they could not fail to find a market. Product quality fell in many enterprises due to shoddy manufacture. The gradual lifting of price restrictions on production materials is in fact an important measure for enlivening the economy.

However, the leaders of some enterprises again shifted their attention to overfulfilling production plans and achieving good prices, thereby neglecting management in the enterprises and concealing the increased expenditures resulting from increased input consumption.

Far from being notably corrected, the problems of poor product quality and high raw material consumption are becoming more and more serious in some enterprises. Therefore, in order to achieve a big improvement in economic results in the province next year, the point of breakthrough must be to improve quality and lower input consumption.

NEWSPAPER EDITORS MEET TO DISCUSS PROPAGANDA WORK

HK220914 Kunming YUNNAN RIBAO in Chinese 3 Dec 85 p 1

[Report: "Chief Editors of Five Newspapers of Southwest China Meet To Discuss Propaganda Work"]

[Text] A meeting of the chief editors of five newspapers in southwest China was held in Chongqing from 25 November to 1 December. At the meeting, the chief editors of the five newspapers exchanged information on the situation and experiences in propaganda work concerning reform of the economic structure, and exchanged opinions and discussed how to publicize and carry out the spirit of the National Conference of Party Delegates and how to strengthen the propaganda of the present situation and policies and the building of socialist spiritual civilization. The chief editors thought that the newspapers should create a good public opinion environment for the further development of reform and the building of the two civilizations.

The meeting was attended by the chief editors and deputy chief editors of YUNNAN RIBAO, GUIZHOU RIBAO, XIZANG RIBAO, and CHONGQING RIBAO. Responsible comrades of the Information and Propaganda Department of the Information Bureau under the Propaganda Department of the CPC Central Committee, the Information Research Institute of XINHUA NEWS AGENCY, GUANGXI RIBAO, CHANGJIANG RIBAO, the Information and Publishing Department of the Propaganda Department of the Chongqing Municipal CPC Committee, and the information societies and information associations of Chongqing City and Sichuan Province were also invited to attend the meeting. Liao Baikang, secretary of the Chongqing Municipal CPC Committee, and Sun Xianyu, former director of the Advisory Commission of the Chongqing Municipal CPC Committee, interviewed the comrades who attended the meeting, and also spoke at the meeting.

At the meeting, based on their respective practical experiences, all the comrades unanimously agreed that newspapers should first of all publicize the reform, continue to publicize the party's policies of opening up to the world and invigorating the economy, report the information, experiences, and achievements of the reform, and sing the praises of the people who dare to carry out reform. Newspapers should ideologically educate the people and enable them to understand more clearly the reform policies, so as to raise people's understanding of the purpose, significance, and direction of the reform, enable people to deepen their understanding of the overall situation of the reform, and straighten out their guiding ideology. The propaganda on reform should be carried out in both an active and prudent way. Reform propaganda must be practical and realistic and should leave some headroom. Reform propaganda should not be an exaggeration of facts nor a strong wind. Newspapers should be prudent in publicizing exploratory methods and experimental experiences.

Newspapers must prevent onesidedness and not only publicize the necessity and correctness of reform, but also the formidableness and complexity of reform and the difficulties reform might encounter. Newspapers must not only publicize the invigoration of the microeconomy, but also publicize macroeconomic control, in order to enable cadres and the masses to understand that the reform consists of both the invigoration of the microeconomy and macroeconomic control. Newspapers should not recklessly criticize those who have made mistakes in the reform, but instead should enthusiastically support those who dare to carry out reforms and help them correct the mistakes they have made. All the comrades unanimously agreed that, at present, newspapers should strengthen propaganda on the situation and policies. They should guide the cadres and masses to wholly and correctly understand the good situation at present and deeply understand the overall situation and the party's line and general and specific policies in order to work hard together to push forward with the reform and build well the two civilizations. Propaganda on the situation and policies must be closely linked with the realities of actual life and the ideological reality of the masses. The newspapers should greatly publicize the profound changes in various aspects during the reform and convince people with facts. All the comrades at the meeting also unanimously agreed that a very important task of the newspapers is to strengthen propaganda on building socialist spiritual civilization. The focal point of this task is to strengthen propaganda on communist ideals, beliefs, morality, and discipline, to raise the spiritual realm and moral standard of the cadres and masses and foster a generation of new people who have lofty ideals, moral integrity, education, and a sense of discipline. Newspapers should report those things and questions concerning the masses and should report the development of reform and the building of the four modernizations. Newspapers should not hesitate to report the advanced models who have ideals and the spirit of serving the people heart and soul, and should dare and know how to carry out reform.

As far as criticisms are concerned, the meeting stressed that all criticism carried in the newspapers must be helpful to the party's work, the building of the four modernizations, the reform, stability and unity, the resolving of problems, and the whole society. The contents of criticism should educate the public in general. The facts in the articles must be checked to ensure the accuracy of the reports.

At the meeting, the comrades also exchanged information on the situation in management and administration of their respective newspapers and the construction of their press contingents. The comrades also went sightseeing to view the Dazu Stone inscription.

SUN WEIBEN ON REFORM OF HEILONGJIANG STATE FARMS

SK250552 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 24 Dec 85

[Text] This morning Sun Weiben, secretary of the provincial CPC Committee, attended and addressed the provincial meeting on the work of state farms held in Harbin. He said: Practice this year has proven the success and vitality of the pioneering methods of implementing the output-related contract responsibility system among state farms, encouraging workers and staff to initiate their farms on a household basis, establishing the mode of large farms administering small farms, and implementing a two-tiered management system. Next year economic structural reform should be continued among state farms.

Sun Weiben said: Hit by serious natural calamities, our province experienced a reduction in grain output this year. But the gross grain output of state farms did not drop, and the readjustment of their production setup has been accelerated. Such a good situation in a year of serious disasters should, in the final analysis, be credited to reform. This fully shows the correctness of the orientation of the reform carried out among farms. We should affirm this fact. Although there are some problems of one kind or another due to our inexperience and shortcomings in our work, this is not a defect of the reform itself. As long as leading comrades at all levels of state farms are able to approach these problems in a conscientious manner, these problems are not difficult to solve. Therefore, we must hold fast to the orientation of reform without any hesitation.

Sun Weiben said: The provincial CPC Committee has defined the guiding principle for economic structural reform of state farms in 1986 as stabilization, improvement, and enhancement. He stressed: In building the two-tiered management system in which large farms administer small farms, we should pay attention to the efficiency of labor, scale and technology. Because the cropping and breeding industries need relatively more manual labor, their contract scale should be smaller than others. In this regard, we should gradually expand the integration of farms on the basis of [words indistinct]. Whichever form of contract systems we may adopt, the priority should be given to fully mobilizing the initiative of workers. By no means should we seek simplicity and uniformity in all forms. In terms of funds for contracting farm machines and tools, all household farms run by workers and staff members should give equal consideration to the interests of the state, collectives and individuals. We should pay equal attention to the reforms of household farms, the readjustment of the production setup, and reform of the farm management system.

HEILONGJIANG CPC MEETS ON RURAL RECTIFICATION

SK260450 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 24 Dec 85

[Text] The provincial CPC Committee has decided to begin rural party rectification this winter, to carry out party rectification among township and town organs as well as enterprises and establishments this winter and next spring, and to carry out party rectification among villages in the winter of 1986 and spring of 1987.

In his speech at the provincial CPC Committee work meeting, which ended yesterday, Liu Chengguo, deputy secretary of the provincial CPC Committee, stressed that we should use party spirit as the guarantee for exercising effective leadership over rural party rectification. Liu Chengguo said: In order to exercise effective leadership over rural party rectification, the leaders must first fully understand the great significance of rural party rectification.

They should unify their thinking by earnestly studying the decision of the CPC Central Committee on party rectification and the circular of the Central Commission for Guiding Party Rectification, clearly understand the important status and role of rural party organizations and party members, enhance their consciousness of making party rectification successful, and foster a sense of responsibility in doing a good job in rural party rectification through analyzing the problems of rural party organizations and party members. While recognizing the great significance of rural party rectification, we should note the arduousness of fulfilling rectification tasks. Rural situations are complicated and rural areas have their own characteristics. Leaders must be fully prepared ideologically.

Liu Chengguo pointed out: We should always grasp the fundamental problems in rural party rectification. First, we should prominently grasp education on party spirit as a main task in rural party rectification. In conducting education on party spirit, it is necessary to exert genuine, solid, and vigorous effort. Genuine efforts are aimed at using basic Marxist theory to arm the thinking of party members; solid efforts aim at conducting education on party spirit in a down-to-earth manner and ensuring that the education is filled with an ideological content and a sense of reality; and vigorous efforts aim at conducting education on party spirit in a flexible, diversified, and vigorous manner and ensuring that this education is strongly attractive and influential in the party members.

Second, we should pay **great attention** to rectifying party style. An unhealthy party style is quite common among rural party members, especially among party-member leading cadres. In the course of party rectification, we should prominently grasp problems of unhealthy trends among a small number of party-member cadres who have abused their power for personal gain and engaged in serious bureaucratism. In carrying out township-level party rectification, we should grasp the unhealthy trends over which the people have many complaints as the main problems in correction and rectification, and implement the principle of making rectification and correction simultaneously throughout party rectification. All problems of ideology, work style, discipline, and the economy uncovered in the course of party rectification must be immediately checked if possible or if we are sure of success. We should strictly and conscientiously investigate and handle major and appalling cases. Leaders should be called to account if they delay investigations or fail to handle major cases. We should be good at using major and appalling cases as examples to educate party members.

Third, we should firmly grasp the principles and policies of party rectification. Fourth, we should adhere to the basic guideline of using party rectification to promote and guarantee reform and economic development, advance rural reform, improve the cooperative economy, develop commodity production, promote anti-diaster work and preparations for next year's work, and continue to create a new situation in rural work.

LIAONING RIBAO DISCUSSES ECONOMY OF COASTAL CITIES

SK231106 Shenyang LIAONING RIBAO in Chinese 6 Dec 85 p 1

[Commentator's article: "The Economy of Coastal Cities Should Be Oriented to the Outside World at a Quicker Pace"]

[Text] Liaoning is a coastal province with many harbor cities. This is its real strength. To explore the ways of establishing an export commodity production network and orient the economy of coastal cities to the outside world and to economic returns are a strategic goal of economic development during the Seventh 5-Year Plan period.

According to statistics, of the 500 or so large and medium-sized enterprises throughout the province, some 270 require technical transformation during the Seventh 5-Year Plan period and need about \$2 billion in foreign exchange. It is impossible to rely merely on foreign capital and state allocation to get such a large amount of foreign exchange. We should mainly rely on our own efforts to build specialized export commodity production plants (workshops) and bases, and gear the economy of coastal cities to the needs of the outside world and of yielding more economic returns at a quicker pace so that we can enhance our ability to create foreign exchange. Coastal cities have a long history of economic and cultural exchange with foreign countries. In addition, they have abundant resources, convenient transport facilities, and a fairly developed economy and technology, thus having favorable conditions for establishing export commodity production bases. At present, comrades of various cities are vigorously building specialized export goods plants (workshops) and bases, and have put forward many good ideas. This is a very good beginning. More important, however, we should pay close attention to putting them into effect.

Local conditions should be considered and overall plans mapped out to rationalize the geographical distribution when we build export commodity bases in coastal cities. In line with the resources and basic industrial and agricultural conditions of coastal cities, we may gradually build a group of specialized plants (workshops) to produce textile and silk products, garments, electric and machinery products, marine products, mineral products, animal by-products, fur products, and grain and fruits with their own characteristics. These specialized export plants (workshops) and bases should first produce a group of first products readily marketable on the world market that can earn more foreign exchange. At the same time, we should formulate policies for the purpose of support and encouragement. The general principle is that we should enable commodity export enterprises to gain political honor and real economic benefit. Preferential treatment in fund and foreign exchange retention; material supply; and pricing, profit sharing bonus, import, and technical transformation; should be given to the specialized export commodity plants (workshops) and bases.

Specialized export plants (workshops) and bases should arrange their production in line with world standards or market demands. They should stabilize and improve their product quality, increase the line and variety, and improve packing in order to increase their competitive edge. They should raise their operational and managerial levels and reduce the cost of earning foreign exchange. Enterprises producing loss-generating commodities should stop their deficits and make profits as quickly as possible, and those profit-making enterprises should also further raise the rate of earning foreign exchange, and enhance their ability to cope with changes. At present, most of the export commodities of our province are primary products produced through processing raw materials. We should gradually change this situation, develop precision, and intensify processing, and change primary processing of raw materials into finished products, and low-grade and low-value products into products of a high grade and high value. We should increase the added value of products.

We should train foreign exchange personnel through various measures and channels, and build an outstanding contingent capable of developing international trade. We should do a good job in commercial information and establish a network of import-export market information. At present, the products of our province are exported mainly to Japan, the United States, and Hong Kong and Macao regions. We have not set foot in many countries in such regions as Eastern Europe, the Middle and Near East, and Latin America. We should seize all opportunities to expand the influence of the products of our province, draw the attention of foreign businessmen, and open up new markets.

HSIN WAN PAO DISCUSSES SINO-SOVIET RELATIONS

HK260754 Hong Kong HSIN WAN PAO in Chinese 26 Dec 85 p 1

["New Talk" column: "A look at Sino-Soviet Relations in Light of Three Recent Incidents"]

[Text] There has been an increase in news items on Sino-Soviet relations as the year's end approaches. First there was Li Peng's meeting with Gorbachev; then there was the incident of the hijacked Soviet airliner landing in China. Yesterday, a PRC Foreign Ministry spokesman commented on the sixth anniversary of the Soviet invasion of Afghanistan, urging a total Soviet troop withdrawal from that country at an early date.

The meeting between Li Peng and Gorbachev was "an extra arranged at short notice." Li Peng stayed in Moscow 1 day on his way home from Eastern Europe, and the meeting took place during this short stopover.

Foreign commentators attached great importance to this sudden arrangement because this was the first high-level Sino-Soviet meeting since the U.S-Soviet summit in Geneva in November. However there were considerable differences between the XINHUA and TASS accounts of the meeting.

First, XINHUA explained that the meeting was "arranged by the Soviet side." TASS did not say this.

Second, XINHUA gave Li Peng's title as vice premier of the PRC State Council; TASS gave him the titles of member of the CPC Political Bureau, member of the Central Secretariat, and vice premier of the State Council. The former evidently avoided mentioning his party posts, so as not to give people the impression that this was a matter of relations between parties.

Third, XINHUA wrote that the two sides "held a frank exchange of views" and "each side stated its own position." This means that there was still a gap that could not be narrowed in the issues discussed by the two sides.

Fourth, RENMIN RIBAO published the news of the meeting in its column of "brief reports on important news," thus not giving it a great deal of weight.

The day after Li Peng returned to China, journalists had the news that a hijacked Soviet plane had landed in Nei Monggol. It appears that it was at the Soviet request that China did not publish this news for a time. It only made a brief announcement after rumors circulated in diplomatic circles.

There were similarities in the Beijing and Moscow statements on this incident; that is, after the aircraft had been forced to land, all the passengers and crew were returned to the Soviet Union 2 days later. Neither side mentioned the hijackers or the whereabouts of the plane.

The Soviet communique added a number of points: First, an armed criminal on board the plane had taken violent action; second, it thanked China for the "good-neighborly and cooperative spirit" it had displayed by acting immediately.

Actually, the hijacking had nothing to do with China. It needs no further playing up that China and the Soviet Union cooperated in dealing with the matter with speed and care. It appears that some of the atmosphere displayed in it remains.

China's behavior was quite different on the Afghan issue. RENMIN RIBAO of 24 December carried a special article entitled "The Battle Situation in Afghanistan Over the Past Year." XINHUA wrote on the growing strength of the Afghan guerrillas in the past 6 months, and yesterday, a PRC Foreign Ministry spokesman used much harsher terms when commenting on the fact that 6 years had passed since the Soviet Union had invaded Afghanistan. He said that although the Soviet Union has recently stated again and again that it desires a political settlement of the Afghan problem it is regrettable that the Soviet forces are still suppressing the Afghan national resistance movement and trying to intensify their occupation of Afghanistan. They have not shown sincerity for a political settlement.

He pointed out that if the Soviet Union truly wants to settle the Afghan problem and extricate itself from international isolation it should take practical action on the troop withdrawal issue as soon as possible. It will gain the initiative early if it withdraws early. If it refuses to withdraw, it will always be in a passive position.

That China should comment on the Afghan problem in these terms after the Li Peng-Gorbachev meeting confirms that the two men indeed "stated their own position" during the meeting and also provides a relatively clear picture of the current state of Sino-Soviet relations.

TA KUNG PAO REVIEW OF SINO-SOVIET RELATIONS

HK241000 Hong Kong TA KUNG PAO in Chinese 24 Dec 85 p 3

["Special Feature" by correspondent Kung Shuang-yin: "Year-end look at Sino-Soviet relations"]

[Text] Beijing, 23 Dec -- On the evening of 14 December, when the Soviet White Russian Folk Song Choir, in the auditorium of the Beijing National Cultural Palace, sang the song "Friendship" and another Soviet song "Howitzer," which had been popular in China in the 1950's, rythmical and prolonged applause burst out on the stage and among the audience. Such an enthusiastic scene has seldom been seen in Beijing in recent years. In fact, this year has witnessed some development in Sino-Soviet relations.

Intergovernmental Intercourse Has Been Initiated

The initiation of intergovernmental intercourse is a sign of the development in Sino-Soviet relations. Yao Yilin, vice premier of the Chinese State Council, visited the Soviet Union from 9 to 16 July. This was a return visit in response to the visit to China in December last year by Arkhipov, first deputy chairman of the USSR Council of Ministers. Although this exchange of visits was of an evident economic nature, it was the first of its kind between high-ranking officials of the two countries in the past 20-odd years.

China and the Soviet Union also sent parliamentary delegations to visit each other this year. A Chinese delegation headed by Zhang Chengxian, member of the NPC Standing Committee, visited the Soviet Union in February. And a Soviet delegation headed by Tolkunov, chairman of the Supreme Soviet of the Union, visited Beijing in return in October. This was an important aspect of the political intercourse between the two countries.

Chinese Foreign Minister Wu Xueqian met the newly appointed USSR foreign minister, Shevardnadze, on 26 September this year. The two foreign ministers agreed that their countries should strengthen and expand their contacts and political dialogue. They also decided to visit each other's country next year. Recently, China and the Soviet Union also reached an agreement on the establishing consulates in Leningrad and Shanghai.

However, the standing obstacles to the development of the Sino-Soviet relations have not yet been removed.

Overall Development of Cultural Relations

In June this year, Moscow sent a Soviet Government cultural delegation to China. The delegation held talks with officials of the Chinese Ministry of Culture and signed the 1985 cultural exchange accord with its Chinese counterpart. This was a hallmark signifying the upgrading of bilateral cultural relations to the government level. The contacts between the government cultural departments of the two countries were suspended after Sino-Soviet relations deteriorated in the early 1960's. Contacts in the cultural field began to resume between the two countries a few years ago. But this intercourse has been of a nongovernmental nature, with a low frequency and on a small scale.

The 1985 cultural exchange accord signed between the two countries in June provided that 20 exchange projects were to be organized in the year, of which 11 were to be sponsored by the Soviet Union and the rest by China, involving a total of several hundred people. This accord marks the extensive intercourse and cooperation between China and the Soviet Union in the fields of culture and the arts. The cultural exchanges range from exchanges of visits by performing artists, writers, musicians, film workers, and publishers, to reciprocal painting exhibitions, book exhibitions, and so on.

The Soviet Union has sent two large artistic troupes to China, namely, the Moscow Classic Ballet Troupe and the White Russian Folk Song Choir. They are the first large performance troupes from the Soviet Union to visit China since the visit of the Soviet Army's Red Flag Song and Dance Troupe in 1965. The visits by these two troupes have aroused great reaction among the Chinese people.

Steady Growth in Economic Trade

Economic trade between China and the Soviet Union, since its resumption in 1981, has grown steadily every year. The volume of trade between the two countries was recorded at 400 million Swiss francs in 1981 and 600 million Swiss francs in 1982. The volume increased to 1.6 billion Swiss francs in 1983 and to 2.6 billion Swiss francs in 1984. The growth will be still higher in 1985 -- the two countries first signed an annual trade accord worth 3.6 billion Swiss francs, and then concluded a supplementary accord worth 1 billion Swiss francs soon after that, thus raising the trade volume to a total of 4.6 billion Swiss francs.

During Yao Yilin's visit to the Soviet Union in July this year, the two countries signed the 1986-1990 long-term trade accord, according to which the volume of trade between the two countries for the next 5 years will total 35 billion Swiss francs, and that for the year 1990 alone will amount to 9 billion Swiss francs, an increase of more than 100 percent over this year which is expected to record a trade volume of 4.6 billion Swiss francs.

In the wake of the growth in trade between the two governments, border trade between the two countries has also developed rapidly. In 1985, the two countries signed contracts on commodity imports and exports worth 70 million Swiss francs, an increase of 35 percent over last year and an increase of more than 200 percent over 1983.

Since 1983, China has also reopened the trading ports of Houerguosi and Tuergete to facilitate commodity imports and exports between Xinjiang and the Soviet Union. The volume of imports and exports of commodities passing through these two ports is expected to total more than 200,000 tons this year.

The intercourse between China and the Soviet Union in the economic and trade fields has also developed constantly. Since 1983, the two countries have exchanged trading, purchase, and study groups, representing the metallurgical industry, coal mining, aviation, locomotive manufacturing, electronics, agriculture, and textiles industry, and have sponsored various reciprocal product exhibitions and technical exchange forums.

In September this year, China participated in the Third Moscow International Exhibition of Public Utilities and Facilities for Daily Life. This was the first time China participated in a large-scale exhibition in the Soviet Union since 1953. The Soviet Union also joined in the Asian-Pacific International Trade Exposition in Beijing in November.

CAAC CONFIRMS HIJACKING OF SOVIET PLANE

HK250456 Hong Kong Commercial Radio in English 0430 GMT 25 Dec 85

[Text] China has confirmed that a Soviet plane has been hijacked and now flown to Beijing. The confirmation came from the Civil Aviation Administration of China [CAAC], which says it has sent officials to handle the case.

The plane, carrying 50 people, was on a flight to North Korea when it was seized over northern China and forced to land in Heilongjiang Province. A CAAC official said the aircraft force-landed when it ran out of fuel. It was later flown to the Chinese capital, pending a settlement.

The identity of the hijackers is not known at this stage, but reports say they have demanded to South Korea [as heard]. Both Chinese and Soviet officials have refused to comment on the fate of the passengers or the location of the plane. The incident is thought to be the first of its kind to occur between China and the Soviet Union.

HSIN WAN PAO QUESTIONS HIJACKERS' IDENTITY

HK250854 Hong Kong HSIN WAN PAO in Chinese 25 Dec 85 p 1

["New Talks" column: "Some Conjectures About the Hijacking of the Soviet Plane"]

[Text] During the Christmas holidays, the world seems to be quieter than usual. Following the explosion in a South African store which killed and wounded 53 white people came new reports about a Soviet passenger plane being hijacked and landing inside China. This hijacking incident immediately attracted wide attention.

So far, neither the Chinese nor Soviet authorities have made any official announcement on this incident. It seems that the "news blackout" over this incident has been carried out for nearly 1 week since 19 December by the two sides. It was not until yesterday that some details of this incident were leaked to the press.

There are now two different versions of the story about this hijacking. According to the first version which came last night, four hijackers are now detained in China and the plane and other passengers have been returned to the Soviet Union. The second version came around midday today. An AP report said that the plane had flown to Beijing and the solution to this incident was being considered.

The reports are different when mentioning the route of the hijacked plane. The earlier reports said that the plane was on a domestic route, but the later reports said that it was hijacked on its way from the Soviet city Chita to Korea. However, all reports said that it is an AN-24 passenger plane.

AN-24 planes are used by the Soviet Union on its intermediate-range flights. The AN-24 is a 2-engine turboprop. This model was commissioned in 1963. The Soviet Union now has some 1,100 such planes. Fourteen airlines in the world use this type of plane. They are mostly in the Soviet Union and East European countries. China also uses this model of plane in its civil aviation service.

According to "Jane's All the World's Aircraft," the flying range of AN-24 planes is 2,400 km. The straight distance from Chita to Pyongyang is 1,800 km, but the straight flight route must pass through China's Nei Monggol and Heilongjiang. It is said that the Soviet plane was forced to land on the grassland between Hailar City, Nei Monggol, and Qiqihar City, Heilongjiang. This is merely 700 km from the Soviet city of Chita. According to the reports, the plane was forced to land when it ran out of fuel. Since the landing place is not too far from Chita, the plane must have stayed quite a lot of time in the air to deal with the hijacking.

According to the earlier reports, the passengers on board the hijacked plane are all Soviet people as the plane was on a domestic route. But the second version of the story, which said the plane was ordered by the hijackers to fly to South Korea on the route from the Soviet Union to North Korea, did not mention the nationality of the passengers. If the plane was making a flight from the Soviet Union to North Korea, it is possible that not all passengers on board are Soviets.

According to both versions of the story, the incident did not involve China. The plane landed on the grassland inside Chinese territory only because it ran out of fuel. China, like the Soviet Union, has not made any official announcement on the incident. It is very likely that China kept silent at the request of the Soviet Union so that the incident could be settled more easily.

Because the Soviet Union is unwilling to make the incident public, we conjecture that it is very likely that the hijackers are Soviets. According to the second version of the story, the possibility that the hijackers are of another nationality cannot be ruled out. But if this is the case, Moscow would not need to keep this incident such a tight secret.

So far, no reports have mentioned the identity of the hijackers or their motive. It seems that this will become a task for reporters to fulfill in 1986.

China and the Soviet Union seemed to cooperate quite well in the handling of this incident. It can be regarded as an episode in the two countries' relations.

TA KUNG PAO ON CPC'S REAPPRAISAL OF LIN BIAO

HK231426 Hong Kong TA KUNG PAO in Chinese 23 Dec 85 p 3

["Special Feature" by correspondent Kung Shuang-yin: "CPC Reappraises Lin Biao's Merits and Demerits" -- capitalized passages published in boldface]

[Text] Beijing, 22 Dec -- Some leading cadres of the CPC have recently made comments one after another on the problem of Lin Biao's historical role, asserting that the positive role Lin Biao played in the history of the CPC before he committed treason should not be negated totally. Some publications engaged in the study of CPC history have published these comments.

STATEMENTS BY CHEN YUN, YANG SHANGKUN, AND HUANG KECHENG

Chen Yun said, in the past there were two completely different appraisals of Lin Biao's performance in history.

Before he committed treason, everything he did was affirmed and he was called "an ever triumphant general" and considered one "always holding high the great red banner of Mao Zedong Thought." However, after he committed treason, everything he did was negated, such as his performance in the Liaoxi-Shenyang campaign. Chen Yun said, on the one hand, if we had acted according to Lin Biao's plan and led the main force in circling Changchun instead of advancing south and subsequently, if, after occupying Yixian County, we had joined forces in Changchun rather than attacking Jinzhou, there would have been no Liaoxi-Shenyang campaign and no great and rapid victory achieved in the northeast. On the other hand, we should not negate what Lin Biao did correctly at that time as the commander of the 4th Field Army.

At a forum on the work of collecting party historical data in the Army, Yang Shangkun said, with the exception of his confrontation with Chairman Mao on some issues, Lin Biao's performance in the northeast and his deeds in leading the Army in capturing Shanhaiguan and then attacking the enemy troops right to the Chang Jiang and liberating Hainan Island should be largely affirmed, as one must admit that he was not rotten to the core even from his career in the northeast just because of his subsequent betrayal of the country.

When giving his views on the explanations on military figures in the military volume of the Chinese Encyclopaedia, Huang Kecheng said, a dozen years or so have passed since Lin Biao's death. We would write about Lin Biao from a historical materialist viewpoint. Being one of the celebrated commanders in the history of our Army, Lin Biao played a positive role in the development of our party and Army and in the enhancement of the army's combat capability.

LIN BIAO WAS A MAN OF TALENT AS A FIELD COMMANDER

He said, when directing the Central Red Army in conducting operations in the central base area, Chairman Mao and Commander in Chief Zhu had several famous generals under their command. They were Peng Dehuai, Lin Biao, and Huang Gonglue. The 4th Army of the Red Army was founded by Chairman Mao and Commander in Chief Zhu. After the establishment of the 1st Army Group of the Red Army, the 4th Army was put under the command of Lin Biao and he himself was its commander. Of the three armies under the 1st Army Group, the 4th Army was the most combat-worthy and performed the most outstanding military exploits.

Huang Kecheng went on to say that as far as I know, Lin Biao really had the ability to direct military operations. Some people said that Lin Biao did not know how to fight in a war. This does not tally with historical facts. During the period of the war of resistance against Japan, Lin Biao directed the Pingxingguan battle, victory in which played a great role in boosting the confidence of the people throughout the country in resisting Japanese aggression and the prestige of the 8th Route Army among the people of the whole country. The battle was directed by Lin Biao together with some other people. He was commander of the 115th Division, Nie Rongzhen was its deputy commander, and Luo Ronghuan was director of its political department. However, the main responsibility in directing the battle lay with Lin Biao. At that time, Chairman Mao and Commander in Chief Zhu were not at the front.

Talking about Lin Biao during the liberation war period, Huang Kecheng said, in winter 1945 when our troops marched into the northeast, they were a 100,000-odd-strong Army. Through 3 years of efforts, by December 1948 when the troops captured and then set out from Shanhaiguan, they had expanded into a 1-million-strong Army or larger, and a vast liberated area had been created. Of course, all the credit should not go exclusively to Lin Biao. Nevertheless, the fact that he was the principal leader should not be written off.

THE PROBLEM OF "HOW LONG THE RED BANNER CAN BE CARRIED ON"

He went on to say that as far as Lin Biao's past mistake, namely, writing a letter to Chairman Mao, raising the question of "how long the red banner can be carried on," is concerned, it seems now to be a good thing, because in terms of inner-party life, as a lower-level cadre, he dared to express his views on the matter to the higher authorities without reservation, even though it was wrong, rather than just following what the higher authorities said. As for the problem of Lin Biao at the later stage, it is a different matter. It was not just a mistake but a grave crime. He fled the country by plane and was killed when the plane crashed, thus bringing disgrace and ruin upon and drawing a conclusion on himself. It goes without saying that while making serious criticism of him, we must base ourselves on the historical facts.

MING PAO ON REACTION TO 'HONG KONG CRAZE'

HK230251 Hong Kong MING PAO in Chinese 21 Dec 85 p 5

["Special Dispatch from Shanghai": "Shanghai Internal Publication Reveals Mainland Craze for Hong Kong and Taiwan; CPC Bigwigs Extremely Unhappy"]

[Text] The "Hong Kong and Taiwan craze" recently appearing in Chinese mainland cultural circles was denounced as "some people's dream of turning the mainland into a society like Hong Kong and Taiwan."

As an internally circulated journal published in Shanghai revealed, a responsible person of the CPC central leadership recently pointed out sharply that some journals published in the name of Taiwan and other journals full of bad taste have exerted a widespread pernicious influence. In fact they help some people who want to turn the mainland into a society like Hong Kong and Taiwan. Serious attention should be paid to this.

The Shanghai journal said: Recently, the "craze for Hong Kong and Taiwan" could be found in propaganda work and social and cultural life in some localities. People there were intent on spreading things from Hong Kong and Taiwan. This phenomenon has seriously hindered the building of socialist spiritual civilization in the country and affected the normal conduct of China's propaganda toward Taiwan. It has also produced an unfavorable political influence in the international community.

The Shanghai journal said: "Hong Kong and Taiwan are inseparable parts of the motherland." In order to realize reunification of the motherland, we should strengthen our work oriented toward Hong Kong and Taiwan and carry out normal cultural exchanges with these two areas. However, we must soberly notice that we are faced with such a question of who will influence whom in the ideological field between the mainland and Taiwan and Hong Kong. Will the mainland use socialism and patriotism to influence Hong Kong and Taiwan, or will Hong Kong and Taiwan use decadent bourgeois ideology and lifestyle to influence the mainland?

The journal stressed: The Chinese mainland will not reject things from Hong Kong, Taiwan, and foreign countries in the cultural field as a whole, but our manner in dealing with such things should be selective and continent. We should select healthy things and reject unhealthy things, and maintain the dominant position of our own things.

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